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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or Section 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 10, 2022 (July 21, 2022)

OPAL Fuels Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-40272	98-1578357
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(IRS Employer Identification Number)**

One North Lexington Avenue, Suite 1450
White Plains, NY 10601
(Address of principal executive offices)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation to the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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
Warrants, each whole warrant exercisable for one share of Class A Common Stock	OPALW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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. ☐

INTRODUCTORY NOTE

This Current Report on Form 8-K/A ("***Amendment No. 1***") amends the Current Report on Form 8-K of OPAL Fuels Inc., a Delaware corporation (the "***Company***") filed on July 27, 2022 (the "***Original Report***"), in which the Company reported, among other events, the completion of the Business Combination. Capitalized terms used in this Current Report and not defined herein have the meaning ascribed to them in the Original Report.

The Company is filing this Amendment No. 1 in order to include:

(a) the Company's restated certificate of incorporation following the Closing;

(b) the unaudited condensed consolidated financial statements of Opal Fuels LLC, a Delaware limited liability company ("***OPAL Fuels***") as of June 30, 2022 and for the six months ended June 30, 2022 and 2021 as Exhibit 99.1;

(c) the Management's Discussion and Analysis of Financial Condition and Results of Operations of OPAL Fuels for the six months ended June 30 2022 and 2021 as Exhibit 99.2; and

(d) the unaudited pro forma condensed combined financial information of ArcLight and OPAL Fuels as of and for the six months ended June 30, 2022 and the year ended December 31, 2021 as Exhibit 99.3.

Additionally, the Introductory Note to the Original Report is revised to state that:

(1) pursuant to the Domestication each issued and outstanding unit of ArcLight that had not been previously separated into the underlying Class A ordinary shares of ArcLight and the underlying warrants of ArcLight upon the request of the holder thereof prior to the Domestication was cancelled and entitled the holder thereof to one share of New OPAL Class A common stock and one-fifth of one New OPAL warrant; and

(2) the New OPAL Class A common stock and New OPAL warrants commenced trading on the Nasdaq Capital Market ("***Nasdaq***") under the symbols "OPAL" and "OPALW," respectively, on July 22, 2022, subject to ongoing review of New OPAL's satisfaction of all listing criteria following the Business Combination.

This Amendment No. 1 does not amend any other item of the Original Report. The information previously reported or filed with the Original Report is incorporated by reference to this Amendment No. 1.

Item 8.01. Other Events.

On August 8, 2022, the Company filed with the Secretary of State of Delaware (the "***DE SOS***"), a certificate of correction (the "***Certificate of Correction***") to the Company's certificate of incorporation filed with the DE SOS on July 21, 2022 (the "***Original COI***"). The Certificate of Correction corrected (i) the number of authorized shares of the Company's stock set forth in the Original COI and (ii) a reference to an extrinsic document referred to in the Original COI. The Company's certificate of incorporation, as so corrected, is included as Exhibit 3.1.

Item 9.01. Financial Statement and Exhibits.

(a) Financial statements of businesses acquired.

The condensed consolidated financial statements of OPAL Fuels as of June 30, 2022 (unaudited) and for the six months ended June 30, 2022 and 2021 (unaudited) and the related notes, are attached as Exhibit 99.1 hereto and are incorporated herein by reference.

(b) Pro forma financial information.

The unaudited pro forma condensed combined financial information of the Company as of June 30, 2022 and for the six months ended June 30, 2022 and the year ended December 31, 2021 is filed as Exhibit 99.3 and is incorporated herein by reference.

(d) Exhibits.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of OPAL Fuels Inc.
99.1	Condensed consolidated financial statements of OPAL Fuels as of June 30, 2022 (unaudited) and for the six months ended June 30, 2022 and 2021 (unaudited) and the related notes.
99.2	Management’s Discussion and Analysis of Financial Condition and Results of Operations of OPAL Fuels for the six months ended June 30 2022 and 2021.
99.3	Unaudited pro forma condensed combined financial information of ArcLight and OPAL Fuels as of and for the six months ended June 30, 2022.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

Date: August 10, 2022

OPAL Fuels Inc.

By: /s/ Ann Anthony
Name: Ann Anthony
Title: Chief Financial Officer

Exhibit 3.1

CERTIFICATE OF INCORPORATION
OF
OPAL FUELS INC.

1. Name. The name of the Corporation is OPAL Fuels Inc. (the "Corporation").

2. Address; Registered Office and Agent. The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 and the name of its registered agent at such address is The Corporation Trust Company.

3. Purposes. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

4. Number of Shares.

4.1 The total number of shares of all classes of stock that the Corporation shall have authority to issue is 1,120,000,000 shares, consisting of: (i) 820,000,000 shares of common stock, divided into (a) 340,000,000 shares of Class A common stock, with the par value of $0.0001 per share (the "Class A Common Stock"); (b) 160,000,000 shares of Class B common stock, with the par value of $0.0001 per share (the "Class B Common Stock"); (c) 160,000,000 shares of Class C common stock, with the par value of $0.0001 per share (the "Class C Common Stock"); and (d) 160,000,000 shares of Class D common stock, with the par value of $0.0001 per share (the "Class D Common Stock" and, together with the Class A Common Stock, the Class B Common Stock and the Class C Common Stock, the "Common Stock"); and (ii) 300,000,000 shares of preferred stock, with the par value of $0.0001 per share (the "Preferred Stock").

4.2 Subject to the rights of the holders of any one or more series of Preferred Stock then outstanding, the number of authorized shares of any series of the Common Stock or the Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding), in each case, by the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, and no vote of the holders of any class or series of the Common Stock or the Preferred Stock voting separately as a class or series will be required therefor. Notwithstanding the immediately preceding sentence, the number of authorized shares of any particular class or series may not be decreased below the number of shares of such class or series then outstanding, *plus:*

(i) in the case of Class A Common Stock, the number of shares of Class A Common Stock issuable in connection with (A) the exchange of all outstanding shares of Class B Common Stock, together with the corresponding Class B LLC Units, pursuant to the Operating Agreement, (B) the conversion of all outstanding shares of Class C Common Stock (including the amount of shares of Class C Common Stock issuable in connection with the exchange of all outstanding shares of Class D Common Stock, together with the corresponding Class B LLC Units, pursuant to the Operating Agreement) pursuant to this Certificate of Incorporation and (C) the exercise of outstanding options, warrants, exchange rights, conversion rights or similar rights for shares of Class A Common Stock;

(ii) in the case of Class B Common Stock, the number of shares of Class B Common Stock issuable in connection with (A) the conversion of all outstanding shares of Class D Common Stock pursuant to this Certificate of Incorporation and (B) the exercise of outstanding options, warrants, exchange rights, conversion rights or similar rights for shares of Class B Common Stock;

(iii) in the case of Class C Common Stock, the number of shares of Class C Common Stock issuable in connection with (A) the exchange of all outstanding shares of Class D Common Stock, together with the corresponding Class B LLC Units, pursuant to the Operating Agreement and (B) the exercise of outstanding options, warrants, exchange rights, conversion rights or similar rights for shares of Class C Common Stock; and

(iv) in the case of Class D Common Stock, the number of shares of Class D Common Stock issuable in connection with the exercise of outstanding options, warrants, exchange rights, conversion rights or similar rights for shares of Class D Common Stock.

5. Classes of Shares. The designations and the powers, privileges, preferences and rights, and the qualifications, limitations and restrictions thereof, in respect of each class of capital stock of the Corporation are as follows:

5.1 Common Stock.

(i) Voting Rights.

(1) Each holder of Class A Common Stock will be entitled to one vote for each share of Class A Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote, each holder of Class B Common Stock will be entitled to one vote for each share of Class B Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote, each holder of Class C Common Stock will be entitled to five votes for each share of Class C Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote, and each holder of Class D Common Stock will be entitled to five votes for each share of Class D Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote, except that, in each case, to the fullest extent permitted by law and subject to Section 5.1(i)(2), holders of shares of each series of the Common Stock, as such, will have no voting power with respect to, and will not be entitled to vote on, any amendment to this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock) that relates solely to the rights, powers, preferences (or the qualifications, limitations or restrictions thereof) or other terms of one or more outstanding series of Preferred Stock if the holders of such affected series of Preferred Stock are entitled, either separately or together with the holders of one or more other such series, to vote thereon under this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock) or under the General Corporation Law.

(2) (a) The holders of the outstanding shares of Class A Common Stock shall be entitled to vote separately upon any amendment to this Certificate of Incorporation (including by merger, consolidation, reorganization or similar event) that would alter or change the powers, preferences or special rights of such series of Common Stock in a manner that is disproportionately adverse as compared to the Class B Common Stock, the Class C Common Stock and the Class D Common Stock, (b) the holders of the outstanding shares of Class B Common Stock shall be entitled to vote separately upon any amendment to this Certificate of Incorporation (including by merger, consolidation, reorganization or similar event) that would alter or change the powers, preferences or special rights of such series of Common Stock in a manner that is disproportionately adverse as compared to the Class A Common Stock, the Class C Common Stock and the Class D Common Stock, (c) the holders of the outstanding shares of Class C Common Stock shall be entitled to vote separately upon any amendment to this Certificate of Incorporation (including by merger, consolidation, reorganization or similar event) that would alter or change the powers, preferences or special rights of such series of Common Stock in a manner that is disproportionately adverse as compared to the Class A Common Stock, the Class B Common Stock and the Class D Common Stock and (d) the holders of the outstanding shares of Class D Common Stock shall be entitled to vote separately upon any amendment to this Certificate of Incorporation (including by merger, consolidation, reorganization or similar event) that would alter or change the powers, preferences or special rights of such series of Common Stock in a manner that is disproportionately adverse as compared to the Class A Common Stock, the Class B Common Stock and the Class C Common Stock, it being understood that any merger, consolidation or other business combination shall not be deemed an amendment hereof if such merger, consolidation or other business combination constitutes a "Termination Transaction" permitted by Section 3.07 of the Operating Agreement.

(3) Except as otherwise required in this Certificate of Incorporation or by applicable law, the holders of Common Stock will vote together as a single class on all matters (or, if any holders of Preferred Stock are entitled to vote together with the holders of Common Stock, as a single class with the holders of Preferred Stock).

(ii) <u>Dividends; Stock Splits or Combinations</u>.

(1) Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference senior to or the right to participate with the Class A Common Stock and the Class C Common Stock with respect to the payment of dividends, dividends and other distributions of cash, stock or property may be declared and paid on the shares of Class A Common Stock and the shares of Class C Common Stock out of the assets of the Corporation that are by law available therefor, at the times and in the amounts as the board of directors of the Corporation (the <u>"Board"</u>) in its discretion may determine.

(2) Except as provided in <u>Section 5.1 (h)(3)</u> with respect to stock dividends, dividends of cash or property may not be declared or paid on shares of Class B Common Stock or on shares of Class D Common Stock.

(3) In no event will any stock dividend, stock split, reverse stock split, combination of stock, reclassification or recapitalization be declared or made on any series of Common Stock (each, a <u>"Stock Adjustment")</u> unless (a) a corresponding Stock Adjustment for all other series of Common Stock not so adjusted at the time outstanding is made in the same proportion and the same manner and (b) the Stock Adjustment has been reflected in the same economically equivalent manner on all Class A LLC Units. Stock dividends with respect to each series of Common Stock may only be paid with shares of stock of the same series of Common Stock.

(iii) <u>Liquidation.</u> In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and of the preferential and other amounts, if any, to which the holders of Preferred Stock are entitled, if any, the holders of all outstanding shares of Class A Common Stock and Class C Common Stock will be entitled to receive, *paripassu*, an amount per share equal to the par value thereof, and thereafter the holders of all outstanding shares of Class A Common Stock and Class C Common Stock will be entitled to receive the remaining assets of the Corporation available for distribution ratably in proportion to the number of shares of Class A Common Stock and Class C Common Stock, which shall be treated a single class solely for the purposes of this <u>Section 5.1 (iii).</u> Without limiting the rights of (1) the holders of Class B Common Stock to exchange their shares of Class B Common Stock, together with the corresponding Class B LLC Units constituting the remainder of any Paired Interests in which such shares are included, for shares of Class A Common Stock in accordance with the Operating Agreement (or for the consideration payable in respect of shares of Class A Common Stock in such voluntary or involuntary liquidation, dissolution or winding-up) and (2) the holders of Class D Common Stock to exchange their shares of Class D Common Stock, together with the corresponding Class B LLC Units constituting the remainder of any Paired Interests in which such shares are included, for shares of Class C Common Stock in accordance with the Operating Agreement (or for the consideration payable in respect of shares of Class C Common Stock in such voluntary or involuntary liquidation, dissolution or winding-up), the holders of shares of Class B Common Stock and Class D Common Stock, as such, will not be entitled to receive, with respect to such shares, any assets of the Corporation in excess of the par value thereof, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

5.2 <u>Preferred Stock</u>.

(i) The Board is expressly authorized, subject to any limitations prescribed by the laws of the State of Delaware, by resolution or resolutions adopted from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, and, by filing a certificate of designation pursuant to the applicable laws of the State of Delaware (a <u>"Certificate of Designation"</u>), to establish from time to time the number of shares of Preferred Stock to be included in each such series, to fix the designation, vesting, powers (including voting powers), preferences and relative, participating, optional or other special rights (and the qualifications, limitations or restrictions thereof) of the shares of each such series and to increase (but not above the total number of authorized shares of the Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of Preferred Stock of any such series.

(ii) Except as otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock, (i) any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and (ii) any such new series may have powers, preferences and rights, including, without limitation, voting rights, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to *or pari passu* with the rights of the Common Stock, the Preferred Stock or any future class or series of Preferred Stock or Common Stock.

6. Class B Common Stock, Class C Common Stock and Class D Common Stock.

6.1 Cancellation of Class B Common Stock and Class D Common Stock. No holder of Class B Common Stock or Class D Common Stock may transfer shares of Class B Common Stock or Class D Common Stock, respectively, to any person unless such holder transfers a corresponding number of Class B LLC Units to the same person in accordance with the provisions of the Operating Agreement. If any outstanding share of Class B Common Stock or Class D Common Stock ceases to be held by a holder of the corresponding Class B LLC Unit, such share of Class B Common Stock or Class D Common Stock, respectively, shall automatically and without further action on the part of the Corporation or any holder of Class B Common Stock or Class D Common Stock, respectively, be transferred to the Corporation for no consideration and cancelled.

6.2 Reservation of Shares of Class A Common Stock. Class B Common Stock and Class C Common Stock.

(i) The Corporation will at all times reserve and keep available out of its authorized and unissued shares of Class A Common Stock, (i) solely for the purpose of the issuance in connection with the exchange of Paired Interests, the number of shares of Class A Common Stock that are issuable upon the exchange of all outstanding Paired Interests which consist of Class B Common Stock and Class B LLC Units pursuant to the Operating Agreement and (ii) solely for the purpose of the issuance in connection with the conversion of shares of all outstanding Class C Common Stock (including all shares of Class C Common Stock issuable upon the exchange of Paired Interests which consist of Class D Common Stock and Class B LLC Units pursuant to the Operating Agreement) into shares of Class A Common Stock pursuant to this Certificate of Incorporation, the number of shares of Class A Common Stock that are issuable upon such conversion. The Corporation covenants that all the shares of Class A Common Stock that are issued upon the exchange of such Paired Interests or conversion of such shares of Class C Common Stock will, upon issuance, be validly issued, fully paid and non-assessable.

(ii) The Corporation will at all times reserve and keep available out of its authorized and unissued shares of Class B Common Stock, solely for the purpose of the issuance in connection with the conversion of shares of all outstanding Class D Common Stock into shares of Class B Common Stock pursuant to this Certificate of Incorporation, the number of shares of Class B Common Stock that are issuable upon such conversion. The Corporation covenants that all the shares of Class B Common Stock that are issued upon the conversion of such shares of Class D Common Stock will, upon issuance, be validly issued, fully paid and non-assessable.

(iii) The Corporation will at all times reserve and keep available out of its authorized and unissued shares of Class C Common Stock, solely for the purpose of the issuance in connection with the exchange of Paired Interests which consist of Class D Common Stock and Class B LLC Units, the number of shares of Class C Common Stock that are issuable upon the exchange of all outstanding Paired Interests which consist of Class D Common Stock and Class B LLC Units, pursuant to the Operating Agreement. The Corporation covenants that all the shares of Class C Common Stock that are issued upon the exchange of such Paired Interests will, upon issuance, be validly issued, fully paid and non-assessable.

6.3 Taxes.

(i) The issuance of shares of Class A Common Stock or Class C Common Stock, as the case may be, upon the exercise by holders of Class B LLC Units of their right under the Operating Agreement to exchange Paired Interests for shares of Class A Common Stock or Class C Common Stock, as the case may be, will be made without charge to such holders for any transfer taxes, stamp taxes or duties or other similar tax in respect of the issuance; provided, however, that if any such shares of Class A Common Stock or Class C Common Stock are to be issued in a name other than that of the then record holder of the Paired Interests being exchanged (or The Depository Trust Company or its nominee for the account of a participant of The Depository Trust Company that will hold the shares for the account of such holder), then such holder and/or the Person in whose name such shares are to be delivered, shall pay to the Corporation the amount of any tax that may be payable in respect of any transfer involved in the issuance or shall establish to the reasonable satisfaction of the Corporation that the tax has been paid or is not payable.

(ii) The issuance of shares of Class A Common Stock or Class B Common Stock, as the case may be, upon the conversion of the shares of Class C Common Stock or Class D Common Stock, as the case maybe, in accordance with the terms of this Certificate of Incorporation will be made without charge to such holders for any transfer taxes, stamp taxes or duties or other similar tax in respect of the issuance; provided, however, that if any such shares of Class A Common Stock or Class B Common Stock are to be issued in a name other than that of the then record holder of the Class A Common Stock or Class B Common Stock, as the case may be, being exchanged (or The Depository Trust Company or its nominee for the account of a participant of The Depository Trust Company that will hold the shares for the account of such holder), then such holder and/or the Person in whose name such shares are to be delivered, shall pay to the Corporation the amount of any tax that may be payable in respect of any transfer involved in the issuance or shall establish to the reasonable satisfaction of the Corporation that the tax has been paid or is not payable.

6.4 Subscription Rights. To the extent Class B LLC Units are issued pursuant to the Operating Agreement to (i) any Qualified Stockholder, such Qualified Stockholder shall have the right to subscribe for an equivalent number of shares of Class D Common Stock (subject to adjustment as set forth herein) in exchange for a payment in cash equal to the aggregate par value of such shares of Class D Common Stock or (ii) any stockholder of the Corporation other than a Qualified Stockholder, such stockholder shall have the right to subscribe for an equivalent number of shares of Class B Common Stock (subject to adjustment as set forth herein) in exchange for a payment in cash equal to the aggregate par value of such shares of Class B Common Stock.

6.5 Voluntary Conversion of Class C Common Stock and Class D Common Stock. Each share of Class C Common Stock shall be convertible into one share of Class A Common Stock at the option of the holder thereof at any time upon written notice to the Corporation, and each share of Class D Common Stock shall be convertible into one share of Class B Common Stock at the option of the holder thereof at any time upon written notice to the Corporation; provided that, for the avoidance of doubt, any such holder of shares of Class C Common Stock or Class D Common Stock may in such written notice to the Corporation specify that such conversion into shares of Class A Common Stock or Class B Common Stock, respectively, shall be contingent upon the consummation of one or more sale or other transfer transactions.

6.6 Automatic Conversion of Class C Common Stock and Class D Common Stock. Each share of Class C Common Stock shall automatically, without any further action, convert into one share of Class A Common Stock and each share of Class D Common Stock shall automatically, without any further action, convert into one share of Class B Common Stock, in each case, upon a Transfer, other than a Transfer to a Qualified Stockholder.

6.7 Definitions. For purposes of this Section 6, references to:

(i) "Convertible Security" shall mean any evidences of indebtedness, shares or other securities, including restricted stock units, convertible into or exchangeable for shares of Class A Common Stock, Class B Common Stock, Class C Common Stock or Class D Common Stock, either directly or indirectly. For the avoidance of doubt, no share of Common Stock shall be deemed to be a Convertible Security.

(ii) "Effectiveness Date" shall mean the date of the filing of this Certificate of Incorporation.

(iii) "Immediate Family Member" shall mean, with respect to a Qualified Stockholder, a spouse, domestic partner, child, grandchild or other lineal descendant (whether natural or adopted) or spouse of a lineal descendant of such individual, father, father-in-law, mother, mother-in-law, brother, step-brother, sister or step-sister.

(iv) "Option" shall mean rights, options, restricted stock units or warrants to subscribe for, purchase or otherwise acquire shares of Class A Common Stock, Class B Common Stock, Class C Common Stock or Class D Common Stock.

(v) “Permitted Entity” shall mean, with respect to a Qualified Stockholder, (i) any general partnership, limited partnership, limited liability company, corporation, trust or other entity under the Voting Control of, controlling or under common control with (a) such Qualified Stockholder and/or (b) any other Permitted Entity of such Qualified Stockholder, (ii) solely with respect to a Qualified Stockholder that is a venture capital, private equity or similar private investment fund, any general partner, managing member, officer or director of such Qualified Stockholder or an affiliated investment fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management or advisory company with, such Qualified Stockholder or (iii) any other corporation, partnership, limited liability company or trust approved by the Board.

(vi) “Permitted Foundation” shall mean, with respect to a Qualified Stockholder, a trust, donor-advised fund or charitable organization or organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), so long as such Qualified Stockholder has Voting Control with respect to the shares of Class C Common Stock and Class D Common Stock held by such trust or organization and the Transfer to such trust does not involve any payment of cash, securities, property or other consideration (other than an interest in such trust or organization) to such Qualified Stockholder.

(vii) “Permitted IRA” shall mean an Individual Retirement Account, as defined in Section 408(a) of the Code, a “Roth IRA,” as defined in Section 408A(b) of the Code, or a pension, profit sharing, stock bonus or other type of plan or trust of which a Qualified Stockholder is a participant or beneficiary and which satisfies the requirements for qualification under Section 401 of the Code; provided that, in each case, such Qualified Stockholder has Voting Control with respect to the shares of Class C Common Stock or Class D Common Stock held in such account, plan or trust.

(viii) “Permitted Transfer” shall mean, and be restricted to, any Transfer of a share of Class C Common Stock or Class D Common Stock (i) by a Qualified Stockholder to (A) any Permitted Trust of such Qualified Stockholder, (B) any Permitted IRA of such Qualified Stockholder, (C) any Permitted Entity of such Qualified Stockholder, (D) any Permitted Foundation of such Qualified Stockholder or (E) any Immediate Family Member of such Qualified Stockholder or (ii) by a Permitted Trust, Permitted IRA, Permitted Entity or Permitted Foundation of a Qualified Stockholder to (A) such Qualified Stockholder or (B) any other Permitted Entity, Permitted Trust, Permitted IRA or Permitted Foundation of such Qualified Stockholder.

(ix) “Permitted Transferee” shall mean a transferee of shares of Class C Common Stock or Class D Common Stock received in a Permitted Transfer.

(x) “Permitted Trust” shall mean, with respect to a Qualified Stockholder, (i) a trust for the benefit of such Qualified Stockholder and for the benefit of such Qualified Stockholder and such Qualified Stockholder’s Immediate Family Members, a trust for the benefit of such Qualified Stockholder and/or persons other than such Qualified Stockholder so long as such Qualified Stockholder has Voting Control with respect to the shares of Class C Common Stock and Class D Common Stock held by such trust to such Qualified Stockholder or (iii) a trust under the terms of which such Qualified Stockholder has retained a “qualified interest” within the meaning of §2702(b)(1) of the Code or a reversionary interest so long as such Qualified Stockholder has Voting Control with respect to the shares of Class C Common Stock and Class D Common Stock held by such trust.

(xi) "Qualified Stockholder" shall mean (i) the record holder of a share of Class C Common Stock or Class D Common Stock as of the Effectiveness Date, (ii) each natural person who, prior to the Effectiveness Date, Transferred shares of capital stock of the Corporation to a Permitted Trust, Permitted IRA, Permitted Entity or Permitted Foundation that is or becomes a Qualified Stockholder, (iii) each natural person who Transferred shares of, or equity awards for, Class C Common Stock or Class D Common Stock (including any Option exercisable or Convertible Security exchangeable for or convertible into shares of Class C Common Stock or Class D Common Stock) to a Permitted Trust, Permitted IRA, Permitted Entity or Permitted Foundation that is or becomes a Qualified Stockholder, (v) a Permitted Transferee and (iv) any natural person or general partnership, limited partnership, limited liability company, corporation, trust or other entity which has Voting Control of a Qualified Stockholder.

(xii) "Transfer" of a share of Class C Common Stock or Class D Common Stock shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class C Common Stock or Class D Common Stock to a broker or other nominee that results in a corresponding change in beneficial ownership (and excluding, for example, a transfer to a broker acting in capacity as an agent on behalf of a Qualified Stockholder and not as a principal), or the transfer of, or entering into a binding agreement with respect to, Voting Control over such share by proxy or otherwise; provided, however, that the following shall not be considered a "Transfer" within the meaning of this Section 6.6:

(1) the granting of a revocable proxy to officers or directors of the Corporation at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders;

(2) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of shares of Class C Common Stock and Class D Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation and (B) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(3) entering into a voting trust, agreement or arrangement (with or without granting a proxy) pursuant to a written agreement to which the Corporation is a party;

(4) the pledge of shares of Class C Common Stock or Class D Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a Transfer unless such foreclosure or similar action qualifies as a Permitted Transfer;

(5) the fact that, as of the Effectiveness Date or at any time after the Effectiveness Date, the spouse of any holder of shares of Class C Common Stock or Class D Common Stock possesses or obtains an interest in such holder's shares of Class C Common Stock or Class D Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a Transfer of such shares of Class C Common Stock or Class D Common Stock (including a Transfer by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement or any other court order); or

(6) in connection with a merger or consolidation of the Corporation with or into any other entity, or in the case of any other transaction having an effect on stockholders substantially similar to that resulting from a merger or consolidation, that has been approved by the Board, the entering into a support, voting, tender or similar agreement or arrangement (in each case, with or without the grant of a proxy) that has also been approved by the Board.

A Transfer shall also be deemed to have occurred with respect to a share of Class C Common Stock or Class D Common Stock beneficially held by an entity that is a Permitted Trust, Permitted IRA, Permitted Entity or Permitted Foundation, if there occurs any act or circumstance that causes such entity to no longer be a Permitted Trust, Permitted IRA, Permitted Entity or Permitted Foundation, as of the date that such entity is no longer a Permitted Trust, Permitted IRA, Permitted Entity or Permitted Foundation.

(xiii) "Voting Control" shall mean, with respect to a share of Class C Common Stock or Class D Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise. A Qualified Stockholder will be deemed to have Voting Control with respect to shares contributed to a donor-advised fund.

7. Board of Directors.

7.1 Number of Directors.

(i) The business and affairs of the Corporation shall be managed by, or under the direction of, the Board. Unless and except to the extent that the By-laws of the Corporation (as such By-laws may be amended from time to time, the "By-laws") shall so require, the election of the directors of the Corporation (the "Directors") need not be by written ballot. Except as otherwise provided for or fixed pursuant to the provisions of Section 5.2 relating to the rights of the holders of any series of Preferred Stock to elect additional Directors, the total number of Directors constituting the entire Board shall, (a) as of the date of this Certificate of Incorporation, initially be seven and (b) thereafter, shall be fixed exclusively by one or more resolutions adopted from time to time by the Board.

(ii) During any period when the holders of any series of Preferred Stock have the right to elect additional Directors as provided for or fixed pursuant to the provisions of Section 5.2 ("Preferred Stock Directors"), upon the commencement, and for the duration, of the period during which such right continues: (a) the then total authorized number of Directors shall automatically be increased by such specified number of Preferred Stock Directors, and the holders of such series of Preferred Stock shall be entitled to elect such Preferred Stock Directors pursuant to the provisions of any Certificate of Designation for such series of Preferred Stock; and (b) each such Preferred Stock Director shall serve until such Preferred Stock Director's successor shall have been duly elected and qualified, or until such Preferred Stock Director's right to hold such office terminates pursuant to such provisions, whichever occurs earlier, subject to his or her earlier death, disqualification, resignation or removal. Except as otherwise provided by the Board in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect Preferred Stock Directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such Preferred Stock Directors elected by the holders of such Preferred Stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such Preferred Stock Directors, shall forthwith terminate and the total and authorized number of Directors shall be reduced accordingly.

7.2 Vacancies and Newly Created Directorships. Subject to any limitations imposed by applicable law and the rights of any one or more series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of Directors or any vacancies on the Board resulting from a Director's death, resignation, disqualification, or removal from office shall, unless the Board determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders and except as otherwise provided by applicable law, be filled only by the affirmative vote of a majority of the remaining Directors then in office, even if less than a quorum of the Board, and not by the stockholders. Any Director so chosen shall hold office until the next election of Directors and until his or her successor shall be duly elected and qualified or until such Director's earlier death, disqualification, resignation or removal. No decrease in the authorized number of Directors shall shorten the term of any Director then in office.

7.3 Removal of Directors. Any Director may resign from office at any time upon notice to the Corporation given in writing or by any electronic transmission permitted by the By-laws. Any such resignation shall be effective upon receipt thereof unless it is specified to be effective at some other time or upon the occurrence of some other event. The Board's or the Corporation's acceptance of a resignation shall not be necessary to make it effective. Subject to any limitations imposed by applicable law and except for Preferred Stock Directors, any Director or the entire Board may be removed from office at any time, with or without cause, by the affirmative vote of the holders of at least a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class. In case the Board or any one or more Directors should be so removed, any new Directors shall be elected pursuant to terms of Section 7.2.

8. Meetings of Stockholders.

8.1 Action by Written Consent. Subject to, with respect to the Preferred Stock, the terms of any series of Preferred Stock, (i) for so long as the holders of shares of Class C Common Stock and Class D Common Stock beneficially own, directly or indirectly, a majority of the total voting power of stock entitled to vote generally in election of directors any action that is required or permitted to be taken by the stockholders of the Corporation may be effected by consent in lieu of a meeting and (ii) if the holders of shares of Class C Common Stock and Class D Common Stock do not beneficially own, directly or indirectly, a majority of the total voting power of stock entitled to vote generally in election of directors, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation and may not be effected by any consent in lieu of a meeting.

8.2 Meetings of Stockholders.

(i) An annual meeting of stockholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held at such place, if any, on such date, and at such time as the Board shall determine in accordance with the By-laws.

(ii) Subject to any special rights of the holders of any series of Preferred Stock and the requirements of applicable law, special meetings of stockholders of the Corporation may be called only by the chairperson of the Board, the vice chairperson of the Board, the chief executive officer of the Corporation or at the direction of the Board pursuant to a written resolution adopted by a majority of the total number of Directors that the Corporation would have if there were no vacancies, and the ability of the stockholders or any other Persons to call a special meeting of the stockholders is hereby specifically denied. Any business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

(iii) Advance notice of stockholder nominations for the election of Directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the By-laws.

8.3 No Cumulative Voting. There shall be no cumulative voting in the election of Directors.

9. Indemnification.

9.1 Limited Liability. No Director shall have any personal liability to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, except to the extent such exception from liability or limitation thereof is not permitted under the General Corporation Law as the same exists or hereafter may be amended to expand the scope of exculpation as permitted under the General Corporation Law. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize further elimination or limitation of the liability of Directors, then the liability of a Director shall be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended. Neither any amendment nor repeal of this Section 9.1, nor the adoption of any provision in this Certificate of Incorporation inconsistent with this Section 9.1, shall eliminate, reduce or otherwise adversely affect any limitation on personal liability of a Director existing at or prior to the time of such amendment, repeal or adoption.

9.2 Right to Indemnification. To the fullest extent permitted by applicable law, the Corporation shall have the power to provide indemnification of (and advancement of expenses to) Directors, officers, employees and agents of the Corporation (and any other persons to which applicable law permits the Corporation to provide indemnification) through By-law provisions, agreements with such Directors, officers, employees, agents or other persons, vote of stockholders or disinterested directors or otherwise in excess of the indemnification and advancement otherwise permitted by such applicable law. Any amendment, repeal or modification of this Section 9.2 shall only be prospective and shall not affect the rights or protections or increase the liability of any Director under this Section 9.2 in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

9.3 Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any Person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such Person in any such capacity or arising out of such Person's status as such, whether or not the Corporation would have the power to indemnify such Person against such liability under the General Corporation Law.

9.4 Nonexclusivity of Rights. The rights and authority conferred in this Article 9 shall not be exclusive of any other right that any Person may otherwise have or hereafter acquire.

10. Adoption, Amendment or Repeal of By-Laws. In furtherance and not in limitation of the powers conferred by law, the Board is expressly authorized to adopt, alter, amend or repeal the By-laws. Any adoption, alteration, amendment or repeal of the By-laws by the Board shall require the approval of a majority of the authorized number of Directors. The stockholders of the Corporation shall also have power to adopt, alter, amend or repeal the By-laws.

11. Adoption Amendment or Repeal of Certificate of Incorporation. Subject to Article 1 the Corporation reserves the right to adopt, amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by the General Corporation Law, and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, Directors or any other Persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended, are granted and held subject to this reservation.

12. Forum for Adjudication of Disputes.

12.1 Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware), and any appellate court thereof shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action, suit or proceeding brought on behalf of the Corporation; (ii) any action, suit or proceeding (including any class action) asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee, agent or stockholder of the Corporation to the Corporation or the Corporation's stockholders; (iii) any action, suit or proceeding (including any class action) asserting a claim against the Corporation or any current or former director, officer, other employee, agent or stockholder of the Corporation arising out of or pursuant to any provision of the General Corporation Law, this Certificate of Incorporation or the By-laws (as each may be amended from time to time); (iv) any action, suit or proceeding (including any class action) to interpret, apply, enforce or determine the validity of this Certificate of Incorporation or the By-laws (including any right, obligation or remedy thereunder); (v) any action, suit or proceeding as to which the General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; or (vi) any action asserting a claim against the Corporation or any director, officer or other employee of the Corporation governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants. This Article 12 shall not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

12.2 If any action the subject matter of which is within the scope of Section 12.1 is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder of the Corporation, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce Section 12.1 (an "Enforcement Action") and (ii) having service of process made upon such stockholder in any such Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

12.3 Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

12.4 Any person or entity purchasing, holding, owning or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article 12.

13. Severability. If any provision or provisions of this Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its Directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

14. Corporate Opportunity. To the fullest extent allowed by law, the doctrine of corporate opportunity, or any other analogous doctrine, shall not apply with respect to the Corporation or any of its officers or Directors, or any of their respective affiliates, and the Corporation renounces any expectancy that any of the Directors or officers of the Corporation will offer any such corporate opportunity of which he or she may become aware to the Corporation, except the doctrine of corporate opportunity shall apply with respect to any of the Directors or officers of the Corporation with respect to a corporate opportunity that was offered to, or presented to, or acquired or developed by such person solely in his or her capacity as a Director or officer of the Corporation and (i) such opportunity is one the Corporation is legally and contractually permitted to undertake and would otherwise be reasonable for the Corporation to pursue and (ii) such Director or officer is permitted to refer that opportunity to the Corporation without violating any legal obligation.

15. Definitions. As used in this Certificate of Incorporation, unless the context otherwise requires or as set forth in another Article or Section of this Certificate of Incorporation, the term:

(a) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person; provided that (i) neither the Corporation nor any of its subsidiaries will be deemed an Affiliate of any stockholder of the Corporation or any of such stockholders' Affiliates and (ii) no stockholder of the Corporation will be deemed an Affiliate of any other stockholder of the Corporation, in each case, solely by reason of any investment in the Corporation (including any representatives of such stockholder serving on the Board).

(b) "Board" is defined in Section 5.1(ii)(1).

(c) "By-laws" is defined in Section 7.1(f).

(d) "Certificate of Designation" is defined in Section 5.2(a).

(e) "Class A Common Stock" is defined in Section 4.1.

(f) "Class A LLC Unit" means a unit of Opal Fuels LLC designated as a "Class A Unit" pursuant to the Operating Agreement.

(g) "Class B Common Stock" is defined in Section 4.1.

(h) "Class B LLC Unit" means a unit of Opal Fuels LLC designated as a "Class B Unit" pursuant to the Operating Agreement.

(i) "Class C Common Stock" is defined in Section 4.1.

(j) "Class D Common Stock" is defined in Section 4.1.

(k) "Common Stock" is defined in Section 4.1.

(l) "control" (including the terms "controlling" and "controlled"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of such subject Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

(m) "Corporation" is defined in Section 1.

(n) "Directors" is defined in Section 7.1(i).

(o) "Enforcement Action" is defined in Section 12.2.

(p) "Foreign Action" is defined in Section 12.2.

(q) "General Corporation Law" means the General Corporation Law of the State of Delaware, as from time to time in effect.

(r) "Opal Fuels LLC" means Opal Fuels LLC, a Delaware limited liability company or any successor thereto.

(s) "Operating Agreement" means the Second Amended and Restated Limited Liability Company Agreement of Opal Fuels LLC, dated as of July 21, 2022, by and among the Corporation, the Post-Acquisition LLC Members and the other Persons that may become parties thereto from time to time, as the same may be amended, restated, supplemented and/or otherwise modified, from time to time.

(t) "Paired Interest" means one Class B LLC Unit, together with one share of Class B Common Stock or one share of Class D Common Stock, as the case may be, subject to adjustment pursuant to Article XI of the Operating Agreement.

(u) "Person" means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

(v) "Post-Acquisition LLC Members" means those members of Opal Fuels LLC, as set forth in the Operating Agreement, as of the date thereof.

(w) "Preferred Stock" is defined in Section 4.1.

(x) "Preferred Stock Directors" is defined in Section 7.1(ii).

(y) "Stock Adjustment" is defined in Section 5.1(ii)(3).

16. Sole Incorporator. The name and mailing address of the sole incorporator of the Corporation are:

Sherie Hollinger
Kirkland & Ellis LLP
609 Main St
Houston, Texas 77002

[Remainder of page intentionally left blank]

THE UNDERSIGNED, being the sole incorporator hereinabove named, makes and files this Certificate of Incorporation, and does hereby declare and certify that said instrument is its act and deed and that the facts stated herein are true, and accordingly has executed this Certificate of Incorporation this 21st day of July, 2022.

KIRKLAND & ELLIS LLP

By: */s/ Sherie Hollinger*
Name: Sherie Hollinger

[*Signature Page to Certificate of Incorporation*]

Exhibit 99.1

OPAL FUELS LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except per unit data)

	June 30, 2022 (Unaudited)	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents (includes $23,864 and $1,991 at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	$ 97,091	$ 39,314
Accounts receivable, net (includes $100 and $40 at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	24,781	25,391
Fuel tax credits receivable	1,136	2,393
Contract assets	15,589	8,484
Parts inventory	8,398	5,143
Note receivable	9,518	—
Environmental credits held for sale	646	386
Prepaid expense and other current assets (includes $496 and $113 at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	5,810	5,482
Derivative financial asset, current portion	—	382
Total current assets	162,969	86,975
Capital spares	3,066	3,025
Property, plant, and equipment, net (includes $36,653 and $27,794 at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	229,411	169,770
Investment in other entities	47,113	47,150
Note receivable	—	9,200
Note receivable - variable fee component	1,792	1,656
Deferred financing costs	7,143	2,370
Other long-term assets	489	489
Intangible assets, net	2,463	2,861
Restricted cash (includes $1,164 and $1,163 at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	3,188	2,740
Goodwill	54,608	54,608
Total assets	$ 512,242	$ 380,844
Liabilities and Equity		
Current liabilities:		
Accounts payable (includes $217 and $544 at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	7,676	12,581
Accounts payable, related party (includes $939 and $— at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	1,141	166
Fuel tax credits payable	683	1,978
Accrued payroll	4,410	7,652
Accrued capital expenses (includes $— and $1,722 at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	18,263	5,517
Accrued expenses and other current liabilities (includes $184 and $— at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	12,803	7,220
Contract liabilities	7,159	9,785
Senior secured credit facility - term loan, current portion, net of debt issuance costs	72,396	73,145
Senior secured credit facility - working capital facility, current portion	7,500	7,500
OPAL term loan, current portion	19,332	13,425
Sunoma loan, current portion (includes $1,418 and $756 at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	1,418	756
Municipality loan	174	194
Derivative financial liability, current portion	592	992
Other current liabilities	625	374
Asset retirement obligation, current portion	1,586	831
Total current liabilities	155,758	142,116
Asset retirement obligation, non-current portion	4,301	4,907
OPAL term loan	62,013	59,090
Convertible note payable	60,820	58,710
Sunoma loan, net of debt issuance costs (includes $17,469 and $16,199 at June 30, 2022 and December 31, 2021, respectively, related to consolidated VIEs)	17,469	16,199
Municipality loan	—	84
Other long-term liabilities	4,962	4,781
Total liabilities	305,323	285,887
Commitments and contingencies		
Redeemable preferred units:		
Series A-1 preferred units, subject to redemption, $100 par value, 600,000 authorized, and 300,000 units issued and outstanding at June 30, 2022 and December 31, 2021	31,417	30,210
Series A preferred units, subject to redemption, $100 par value, 2,000,000 units authorized, and 1,000,000 and 0 units issued and outstanding at June 30, 2022 and December 31, 2021, respectively.	101,228	—

Members’ equity		
Common units, without par value, 1,000 units authorized, and 1,000 units issued and outstanding at June 30, 2022 and December 31, 2021	47,681	47,592
Retained earnings	8,955	15,967
Total OPAL Fuels LLC members’ equity	56,636	63,559
Non-controlling interest in subsidiaries	17,638	1,188
Total members’ equity	74,274	64,747
Total liabilities, redeemable preferred units and members’ equity	$ 512,242	$ 380,844

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

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

	Six Months Ended June 30,	
	2022	2021
Revenues:		
RNG fuel	$ 50,815	$ 19,174
Renewable power	19,152	21,437
Fuel station services	32,297	17,173
Total revenues	102,264	57,784
Operating expenses:		
Cost of sales - RNG fuel	30,884	11,080
Cost of sales - Renewable power	15,948	17,888
Cost of sales - Fuel station services	28,757	14,317
Selling, general, and administrative	18,810	11,185
Depreciation, amortization, and accretion	6,558	4,059
Total expenses	100,957	58,529
Operating income (loss)	1,307	(745)
Other (expense) income:		
Interest and financing expense, net	(6,408)	(3,305)
Realized and unrealized gain on interest rate swaps, net	328	17
Gain on acquisition of equity method investment	—	19,818
(Loss) income from equity method investments	(36)	2,392
Net (loss) income	(4,809)	18,177
Paid-in-kind preferred dividends	2,435	—
Net loss attributable to non-controlling interests	(499)	(198)
Net (loss) income attributable to OPAL Fuels LLC	$ (6,745)	$ 18,375
Weighted average units outstanding:		
Basic	1,000	986
Diluted	1,000	986
Per unit amounts:		
Basic	$ (6,745)	$ 18,636
Diluted	$ (6,745)	$ 18,636

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

OPAL FUELS LLC
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE PREFERRED UNITS AND MEMBERS' EQUITY
(In thousands of U.S. dollars, except per unit data)
(Unaudited)

	Series A Preferred Units		Series A-1 Preferred Units		Common Units					
	Number of Units	Amount	Number of Units	Amount	Number of Units	Members' Equity	Retained Earnings	Total Members' Equity	Non-Controlling Interest	Total Equity
Balance, December 31, 2021	—	$ —	300,000	$ 30,210	1,000	$ 47,592	$ 15,967	$ 63,559	$ 1,188	$ 64,747
Net loss	—	—	—	—	—	—	(4,310)	(4,310)	(499)	(4,809)
Initial non-controlling interests [1]	—	—	—	—	—	(48)	—	(48)	16,949	16,901
Amortization on payment to acquire non-controlling interest	—	—	—	—	—	(183)	—	(183)	—	(183)
Series A redeemable preferred units, net of issuance costs [2]	1,000,000	100,000	—	—	—	—	(267)	(267)	—	(267)
Stock-based compensation	—	—	—	—	—	320	—	320	—	320
Paid-in-kind preferred dividends		1,228	—	1,207	—	—	(2,435)	(2,435)	—	(2,435)
Balance, June 30, 2022	1,000,000	$ 101,228	300,000	$ 31,417	1,000	$ 47,681	$ 8,955	$ 56,636	$ 17,638	$ 74,274

(1) Represents partner's contribution towards a newly formed joint venture Emerald RNG LLC. See Note.12 *Variable Interest Entities* for additional information.

(2) The Company issued 1,000,000 redeemable preferred units to NextEra Energy("NextEra") for aggregate proceeds of $100,000. The issuance costs of $267 were reduced from retained earnings. Please see Note.13 *Redeemable preferred units* for additional information.

	Common Units					
	Number of Units	Members Equity	Accumulated Deficit	Total Members' Equity	Non-Controlling Interest	Total Equity
Balance, December 31, 2020	986	$ 49,170	$ (25,396)	$ 23,774	$ 6,685	$ 30,459
Net income	—	—	18,375	18,375	(198)	18,177
Initial non-controlling interest [1]	—	3,857	—	3,857	6,174	10,031
Contributions from non-controlling interest	—	—	—	—	5,171	5,171
Contributions	—	7,522	—	7,522	—	7,522
Distributions to members	—	(3,695)	—	(3,695)	—	(3,695)
Stock-based compensation	—	320	—	320	—	320
Balance, June 30, 2021	986	$ 57,174	$ (7,021)	$ 50,153	$ 17,832	$ 67,985

(1) Represents partner's contribution from sale of non-controlling interest in an RNG facility.

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

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

	Six Months Ended June 30,	
	2022	**2021**
Cash flows from operating activities:		
Net (loss) income	$ (4,809)	$ 18,177
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
(Loss) income from equity method investment	36	(2,392)
Depreciation and amortization	6,403	3,954
Amortization of deferred financing costs	898	477
Amortization of PPA liability	—	(129)
Accretion expense related to asset retirement obligation	155	104
Stock-based compensation	320	320
Paid-in-kind interest income	(454)	—
Paid-in-kind interest expense	2,110	888
Unrealized (gain) loss on derivative financial instruments	(18)	1,059
Gain on acquisition of equity method investment	—	(19,818)
Changes in operating assets and liabilities, net of effects of businesses acquired:		
Accounts receivable	610	8,437
Fuel tax credits receivable	1,257	(547)
Capital spares	(41)	65
Parts inventory	(3,255)	(576)
Environmental credits held for sale	(260)	545
Prepaid expense and other current assets	(328)	946
Contract assets	(7,111)	2,549
Accounts payable	(4,217)	(4,029)
Accounts payable, related party	780	511
Fuel tax credits payable	(1,295)	950
Accrued payroll	(3,242)	(612)
Accrued expense and other current liabilities	5,398	(113)
Other liabilities	251	6,551
Contract liabilities	(2,626)	(509)
Net cash (used in) provided by operating activities	(9,438)	16,808
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(54,298)	(34,422)
Cash acquired on acquisition of equity method investment	—	1,975
Distributions received from equity method investment	—	3,695
Net cash used in investing activities	(54,298)	(28,752)
Cash flows from financing activities:		
Proceeds from Sunoma loan	1,046	11,809
Proceeds from OPAL term loan	15,000	—
Financing costs paid to other third parties	(3,216)	—
Repayment of Senior secured credit facility	(1,221)	(2,459)
Repayment of OPAL term loan	(6,444)	—
Repayment of Municipality loan	(105)	(101)
Proceeds from sale of non-controlling interest	16,901	15,202
Proceeds from issuance of redeemable preferred units	100,000	—
Contributions from members	—	7,522
Distributions to members	—	(3,695)
Net cash provided by financing activities	121,961	28,278
Net increase in cash, restricted cash, and cash equivalents	58,225	16,334
Cash, restricted cash, and cash equivalents, beginning of period	42,054	15,388
Cash, restricted cash, and cash equivalents, end of period	$ 100,279	$ 31,722
Supplemental disclosure of cash flow information		
Interest paid, net of $— and $168 capitalized, respectively	$ 2,860	$ 1,952
Noncash investing and financing activities:		
Fair value of contingent consideration to redeem the non-controlling interest included in other long-term liabilities	$ 183	$ —
Paid-in-kind dividend on redeemable preferred units	$ 2,435	$ —
Accrual for purchase of Property, plant and equipment included in Accounts payable and Accrued capital expenses	$ 20,096	$ 10,214
Accrual for deferred financing costs included in Accrued expenses and other current liabilities	$ 1,750	$ —

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

1. Description of Business

OPAL Fuels LLC (including its subsidiaries, the “Company,” “we,” “us” or “our”) is engaged in the business of producing and distributing renewable natural gas (“RNG”) to power transportation throughout the United States. The Company owns RNG production facilities that are in operation, under construction, and in late-stage development. OPAL Fuels LLC also constructs, owns, and services fueling stations that dispense RNG and compressed natural gas (“CNG”) for vehicle fleets across the country that use RNG and CNG to displace diesel as their transportation fuel. RNG is derived from landfill gas (“LFG”) and dairy digester gas. In addition, the Company owns LFG fueled power plants that sell renewable power to public utilities. The Company is a subsidiary of Opal Holdco LLC which, in turn, is an indirect subsidiary of Fortistar LLC (the “Ultimate Parent”).

Unless otherwise expressly stated, all dollar amounts set forth in these notes are presented in thousands of dollars except per share data.

COVID-19 Impact

In March 2020, the World Health Organization categorized the coronavirus disease 2019 (“COVID-19”) as a pandemic and the President of the United States declared the COVID-19 outbreak as a national emergency. Management considered the impact of COVID-19 on the assumptions and estimates used and determined that, because the Company was deemed to be an essential business by the U.S. government and incurred neither layoffs of personnel nor a decline in its customer base or business operations, there was no material adverse impact on the Company’s statement of position and result of operations as of, and for the six months ended June 30, 2022.

The future impact of the COVID-19 pandemic on the Company’s business will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and its impact on our customers, all of which are uncertain and cannot be predicted.

Liquidity and Capital Resources

As of June 30, 2022, our liquidity consisted of cash and cash equivalents including restricted cash of $100,279.

As of June 30, 2022, we had total indebtedness excluding the deferred financing costs of $244,113 in principal amount which primarily consists of $80,132 under the Senior secured credit facility, $60,820 under the Convertible note payable, $83,556 under the OPAL term loan, $174 under the Municipality loan, and $19,431 under the Sunoma loan. The outstanding debt under the Senior secured credit facility is due to be paid in December 2022 and therefore has been classified as a current liability.

We completed the Business Combination (further described in Note 16 below) in July 2022 which resulted in additional cash infusion of $ 123,363. The Company received the remaining $5,000 subscribed for pursuant to the PIPE Investment (defined below in Note 16) from one of the PIPE Investors (defined below in Note 16) subsequent to the Closing. Additionally, on August 4, 2022 we entered into a senior secured credit facility for $105,000 which will be used to fund a portfolio of RNG projects currently in, or going into, construction. In July 2022, we received a redemption notice from Biotown for the Note receivable and the Company subsequently received $11,555 including the payment of the principal balance of $10,915, prepayment penalty of $546 and accrued interest of $94. We would have an additional $35,000 available under the OPAL term loan in second half of 2022 upon the commencement of operations of three additional RNG facilities.

We expect that our available cash following the consummation of the Business Combination and PIPE Investment, together with our other assets, expected cash flows from operations, and available lines of credit under various debt facilities will be sufficient to meet our existing commitments for at least the next twelve months.

To fuel future growth, we may seek additional capital through equity offerings 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.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to our ability to continue as a going concern.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

These unaudited condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all normal and recurring adjustments, which are necessary in order to make the financial statements not misleading and to provide a fair presentation of the Company's financial position, operating results, and cash flows for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the entire year. The information herein should be read in conjunction with the Company's audited consolidated financial statements and notes thereto.

The unaudited condensed consolidated financial statements include the accounts of the Company and all other entities in which the Company has a controlling financial interest: Fortistar Methane 3 LLC ("FM3"), Fortistar Methane 4 LLC, Sunoma Holdings, LLC ("Sunoma"), Emerald RNG LLC ("Emerald"), Sapphire RNG LLC ("Sapphire"), New River LLC ("New River"), Reynolds RNG LLC ("Reynolds"), Beacon RNG LLC ("Beacon"), Central Valley LLC ("Central Valley"), Fortistar Contracting LLC, Fortistar RNG LLC, and TruStar Energy LLC ("TruStar"). The Company's 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 OPAL Fuels LLC members' equity in the condensed consolidated balance sheets and as a non-controlling interest in the condensed consolidated statements of changes in redeemable preferred units and members' equity.

The accompanying condensed consolidated financial statements reflect the activities of the Company, its subsidiaries, and its equity method investments for the six months ended June 30, 2022 and 2021. Investments in unconsolidated entities in which the Company can influence the operating or financial decisions are accounted for under the equity method. As of June 30, 2022 and December 31, 2021, the Company accounted for its ownership interests in Pine Bend RNG LLC ("Pine Bend"), Noble Road RNG LLC ("Noble Road") and GREP BTB Holdings LLC ("GREP") under the equity method. The Company's interests in Beacon for the period between January 1, 2021 and April 30, 2021 were accounted for under the equity method. Please see Note 3. *Investment in other entities*, for additional information. Beacon was consolidated after acquisition of remaining ownership interests increasing the ownership interest from 44.3% to 100% on May 1, 2021.

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, the estimated losses on our trade receivables, the fair value of the Convertible note payable (as defined below), the impairment assessment of goodwill, and the fair value of derivatives. Actual results could differ from those estimates. The Company's estimates and assumptions are subject to uncertainties, including those associated with market conditions, risks and trends and the ongoing COVID-19 pandemic.

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

Certain financial information or footnote disclosures normally included in the annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the Securities Exchange Commission for interim financial reporting.

Accounting Pronouncements

In June 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* which states that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and therefore, is not considered in measuring fair value. The ASU clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The ASU requires an entity to disclose (i) the fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet (ii) the nature and remaining duration of the restriction and (iii) the circumstances that could cause a lapse in the restriction. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years for public entities and fiscal year beginning December 15, 2024 for all other entities. The Company is currently evaluating the impact on its financial statements of adopting this standard.

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash consisted of the following as of June 30, 2022 and December 31, 2021

	June 30, 2022	December 31, 2021
Current assets:		
Cash and cash equivalents	$ 97,091	$ 39,314
Long-term assets:		
Restricted cash held as collateral	3,188	2,740
Total cash, cash equivalents, and restricted cash	$ 100,279	$ 42,054

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

Accounts Receivable, Net

The Company's allowance for doubtful accounts was $100 and $0 at June 30, 2022 and December 31, 2021, respectively.

Asset Retirement Obligation

The Company accounts for asset retirement obligations in accordance with FASB Accounting Standards Codification ("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 are 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, 2022 and December 31, 2021, the Company estimated the value of its total asset retirement obligations to be $5,887 and $5,738, respectively.

The changes in the asset retirement obligations were as follows as of June 30, 2022:

	June 30, 2022
Balance, December 31, 2021	$ 5,738
Write off of Asset retirement obligation	(6)
Accretion expense	155
Total asset retirement obligation	5,887
Less: current portion	(1,586)
Total asset retirement obligation, net of current portion	$ 4,301

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 ("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. 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 a current asset based on their estimated fair value at contract inception. When the Company receives RINs or LCFSs as payment for providing credit monetization services, it records the non-cash consideration in inventory based on the fair value of RINs or LCFSs at contract commencement.

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 first quarter of 2022. During the six months ended June 30, 2022, the Company earned net revenues after discount and fees of $29,688 under this contract which was recorded as part of Revenues - RNG fuel.

Sales of environmental attributes such as RINs, RECs, 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 RNG or 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 occurs within 60 days after generation of the renewable power.

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 ("MMBtu") 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. Included in "RNG fuel" revenues are $1,050 and $950 related to the lease portion of these agreements for the six months ended June 30, 2022 and 2021. In addition, the Company has assessed all PPAs and concluded that certain PPAs contain a lease element requiring lease accounting. Included in "Renewable power" revenues are $630 and $877 related to the lease element of these PPAs for the six months ended June 30, 2022 and 2021.

Disaggregation of Revenue

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

	Six Months Ended June 30,	
	2022	**2021**
Renewable power sales	$ 17,539	$ 18,612
Third party construction	22,816	9,270
Service	8,430	8,004
Brown gas sales	10,968	6,225
Environmental credits	38,795	11,995
Parts sales	977	(101)
Operating agreements	893	1,726
Other	166	226
Total revenue from contracts with customers	100,584	55,957
Lease revenue	1,680	1,827
Total revenue	$ 102,264	$ 57,784

For the six months ended June 30, 2022 and 2021, approximately 22.3% and 16.0%, respectively, of revenue was recognized over time, and the remainder was for products and services transferred at a point in time.

Contract Balances

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

	June 30, 2022	December 31, 2021
Accounts receivable, net	$ 24,781	$ 25,391
Contract assets:		
Cost and estimated earnings in excess of billings	$ 13,430	$ 5,989
Accounts receivable retainage, net	2,159	2,495
Contract assets total	$ 15,589	$ 8,484
Contract liabilities:		
Billings in excess of costs and estimated earnings	$ 7,159	$ 9,785
Contract liabilities total	$ 7,159	$ 9,785

During the six months ended June 30, 2022, the Company recognized revenue of $9,785 that was included in "Contract liabilities" at December 31, 2021. During the six months ended June 30, 2021, the Company recognized revenue of $4,678 that was included in "Contract liabilities" at December 31, 2020.

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, 2022, the Company had a backlog of $46,028 with out of which $44,691 of its backlog is anticipated to be recognized as revenue in the next 12 months.

Income Taxes

The Company and most of its subsidiaries are disregarded entities for federal income tax purposes and for certain states, with the results of its operations included with the consolidated federal and applicable state tax returns of its member. Some subsidiaries are partnerships for federal income tax purposes. Accordingly, tax liabilities are the responsibility of the member except for the minimum state tax requirements. Minimum state tax requirements are immaterial.

Significant Customers and Concentration of Credit Risk

For the six months ended June 30, 2022 and 2021, two customers accounted for 45% and 41% of revenue, respectively. At June 30, 2022, two customers accounted for 38% of accounts receivable. At December 31, 2021, one customer accounted for 11%, 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.

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.

Our equity method investments were as follows as of June 30, 2022 and December 31, 2021:

	Percentage of ownership	Carrying Value June 30, 2022	Carrying Value December 31, 2021
Pine Bend	50.0%	$ 21,082	$ 21,188
Noble Road	50.0%	25,140	24,516
GREP	20.0%	891	1,446
Total investment in other entities		$ 47,113	$ 47,150

Note receivable

In August 2021, the Company acquired 100% ownership interests in Reynolds RNG LLC ("Reynolds") which held a note receivable of $10,450 to Biotown Bio Gas LLC ("Biotown"). The Note receivable was set to mature on July 15, 2027 and carried an interest of 12.5% out of which 8% is payable in cash on a quarterly basis from the inception of the loan and 4.5% payment-in-kind interest adding to the outstanding debt balance until the facility becomes operational. The Company recorded $746 as a reduction to interest and financing expense, net in its condensed consolidated statement of operations for the six months ended June 30, 2022. The Note receivable also entitled Reynolds to receive 4.25% of any revenue based distributions made with a cap of $4,500 over the term of the debt. The Company recorded the fair value of the Note receivable — variable fee component of $1,538 as an allocation of the initial investment balance of $10,450 and recorded an payment-in-kind interest income of $136 as a reduction to interest and financing expense, net in the condensed consolidated statement of operations for the six months ended June 30, 2022.

The Note receivable of $9,518 has been recorded as a current asset as the repayment was received in July 2022 and Note receivable - variable fee component of $1,792 have been recorded as long-term asset on its condensed consolidated balance sheet as of June 30, 2022.

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

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenue	$ 5,089	$ 14,181
Gross profit	1,612	6,459
Net (loss) income	(1,741)	5,400
Net (loss) income from equity method investments [(1)]	$ (36)	$ 2,392

(1) Net income from equity method investments represents our portion of the net income from equity method investments in Pine Bend, Noble Road and GREP for the six months ended June 30, 2022 and Beacon for the six months ended June 30, 2021.

4. Property, Plant, and Equipment, Net

Property, plant, and equipment, net, consisted of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Plant and equipment	$ 160,367	$ 161,387
CNG/RNG fueling stations	32,491	27,892
Construction in progress	123,520	62,616
Buildings	2,585	2,544
Land	1,303	1,303
Service equipment	1,568	1,521
Leasehold improvements	815	815
Vehicles	313	407
Office furniture and equipment	307	302
Computer software	277	277
Other	458	416
	324,004	259,480
Less: accumulated depreciation	(94,593)	(89,710)
Property, plant, and equipment, net	$ 229,411	$ 169,770

As of June 30, 2022, there has been an increase in property, plant, and equipment as a result of the increase in construction of RNG generation facilities including, but not limited to Central Valley, Emerald, New River, and RNG dispensing facilities. The majority of these facilities, for which costs are in construction-in-progress as of June 30, 2022, are expected to be operational within the next year.

Depreciation expense on property, plant, and equipment for the six months ended June 30, 2022 and June 30, 2021 was $6,005 and $3,723, respectively.

5. Intangible Assets, Net

Intangible assets, net, consisted of the following at June 30, 2022 and December 31, 2021:

	June 30, 2022			
	Cost	Accumulated Amortization	Intangible Assets, Net	Weighted Average Amortization Period (Years)
Power purchase agreements	$ 8,999	$ (7,288)	$ 1,711	18.1
Transmission/distribution interconnection	1,600	(918)	682	15.1
CNG sales contract	807	(759)	48	10.0
Intellectual property	43	(21)	22	5.0
Total intangible assets	$ 11,449	$ (8,986)	$ 2,463	

	December 31, 2021			
	Cost	Accumulated Amortization	Intangible Assets, Net	Weighted Average Amortization Period (Years)
Power purchase agreements	$ 8,999	$ (6,986)	$ 2,013	18.1
Transmission/distribution interconnection	1,600	(865)	735	15.1
CNG sales contract	807	(719)	88	10.0
Intellectual property	43	(18)	25	5.0
Total intangible assets	$ 11,449	$ (8,588)	$ 2,861	

The transmission/distribution interconnection represents an interconnector for one of the Company's LFG recovery facilities. The interconnection construction was initially funded by a municipality. The Company is scheduled to repay the funding for the construction through April 1, 2023. The remaining liability of $174 under the Municipality loan is shown as part of current liabilities on its condensed consolidated balance sheet as of June 30, 2022. Please see Note 7. *Borrowings*, for additional information.

Amortization expense for the six months ended June 30, 2022 and 2021 was $398 and $231, respectively. At June 30, 2022, estimated future amortization expense for intangible assets is as follows:

Remaining six months ending December 31, 2022	$	395
Fiscal year:		
2023		465
2024		275
2025		266
2026		238
Thereafter		824
	$	2,463

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 December 31, 2021	$	51,155	$	3,453	$	54,608
Balance June 30, 2022	$	51,155	$	3,453	$	54,608

7. Borrowings

The following table summarizes the borrowings under the various debt facilities as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Senior secured facility, term loan	$ 72,632	$ 73,869
Less: unamortized debt issuance costs	(236)	(724)
Less: current portion	(72,396)	(73,145)
Senior secured facility, term loan, net of debt issuance costs	—	—
Senior secured facility, working capital facility	7,500	7,500
Less: current portion	(7,500)	(7,500)
Senior secured facility, working capital facility	—	—
OPAL term loan	83,556	75,000
Less: unamortized debt issuance costs	(2,211)	(2,485)
Less: current portion	(19,332)	(13,425)
OPAL term loan, net of debt issuance costs	62,013	59,090
Sunoma loan	19,431	17,524
Less: unamortized debt issuance costs	(544)	(569)
Less: current portion	(1,418)	(756)
Sunoma loan, net of debt issuance costs	17,469	16,199
Convertible note payable	60,820	58,710
Municipality loan	174	278
Less: current portion	(174)	(194)
Municipality loan	—	84
Non-current borrowings total	$ 140,302	$ 134,083

As of June 30, 2022, principal maturities of debt are expected as follows, excluding any subsequent refinancing transactions:

	Senior Secured Credit Facility	OPAL Term Loan	Sunoma loan	Convertible Note Payable	Municipality Loan	Total
Six months ending December 31, 2022	$ 80,132	$ 9,666	$ 709	$ —	$ 110	$ 90,617
Fiscal year:						
2023	—	19,332	2,237	—	64	21,633
2024	—	19,332	3,056	—	—	22,388
2025	—	35,226	3,056	—	—	38,282
2026	—	—	3,056	60,820	—	63,876
2027	—	—	7,317	—	—	7,317
	$ 80,132	$ 83,556	$ 19,431	$ 60,820	$ 174	$ 244,113

Senior secured credit facility

On September 21, 2015, FM3, entered into a senior secured credit facility as a borrower and Investec Bank PLC and MUFG Union Bank N.A., as joint lead arranger and book runners and CoBank ACB as documentation agent and LC issuing bank, which provides for an aggregate principal amount of $150,000, which consists of (i) a term loan of $125,000 (“Term Loan Facility”) and a (ii) working capital letter of credit facility (“Working Capital Facility”) of up to $19,000 and a (iii) Debt service reserve and liquidity facility (“Debt Reserve and Liquidity Facility”) of up to $6,000. The Company paid $14,300 to the lenders in connection with the transaction. As of June 30, 2022 and December 31, 2021, $72,632 and $73,869, respectively, was outstanding under the Senior secured facility, term loan.

The borrowings under the Senior secured credit facility bear an interest rate of a fixed margin plus LIBOR for the relevant interest period. The fixed margin is 2.75% for the first four years, then 3.0% until October 8, 2021, and 3.25% thereafter. Pursuant to the terms of facility, FM3 is required to repay 1% of the outstanding debt under the Term Loan Facility amounting to $125,000 on a quarterly basis which is then adjusted based on available cash and a target debt balance that declines each quarter. The Working Capital Facility contains a provision whereby the Company is obligated to reduce the amount borrowed to $7,500 or less for a period of 10 consecutive business days annually. As of June 30, 2022 and December 31, 2021, the total amount outstanding under the Working Capital Facility was $7,500. Additionally, the Company pays commitment fee of 0.75% on unused portion of the facility.

On October 8, 2021, the Company entered into the Amendment to Second Amended and Restated Credit Agreement (the “Amendment”) which extended the maturity date of the credit facility that supports the Renewable Power business to December 20, 2022. In addition, the minimum required debt service coverage ratio was reduced from 1.1 to 1.0 and the calculation of the Cash Flows Available for Debt Service was amended to exclude the proceeds of working capital loans deposited into the operating account going forward. Additionally, the Company is not allowed to make any distributions or restricted payments. In exchange for these accommodations, the Company agreed to repay $5,182 as a permanent reduction of the Working Capital Facility and to increase the interest rate on the credit facility by 25 basis points.

At June 30, 2022 and December 31, 2021, the Company had outstanding letters of credit that support obligations of the Company and its subsidiaries of $7,971 and $7,823, respectively. The Senior secured credit facility is collateralized by substantially all the assets of FM3 and assignment of FM3’s rights, title, and interests in purchase and sale agreements and landfill gas rights agreements.

The debt agreement contains certain warranties and financial covenants including but not limited to debt service coverage ratio to not be less than 1.0 and restrictions on distributions and additional indebtedness. The lenders only have recourse to the assets of FM3. For the six months ended June 30, 2022, FM3 was in compliance with all debt covenants. The Company received a waiver granting exemption from certain non-financial covenants as per the terms of the debt agreement.

Patronage dividends

The Company is eligible to receive annual patronage dividends from one of its lenders, Cobank ACB under a profit sharing program made available to the borrowers. For the six months ended June 30, 2022 and 2021, the Company received cash dividend of $126 and $139, respectively, which was recorded as a credit to interest expense in its condensed consolidated statements of operations. Additionally, the Company recorded $489 as long-term asset on its condensed consolidated balance sheets at June 30, 2022 and December 31, 2021, which represents the Company’s equity interest in Cobank SCB which will be redeemed for cash beginning 2024.

TruStar revolver credit facility

On September 27, 2021, TruStar renewed the existing revolving credit arrangement with JP Morgan Chase Bank, N.A., for an aggregate amount of $10,000. This revolver credit facility was secured by marketable securities pledged by the Ultimate Parent. The amounts outstanding under this credit facility had an interest rate of 1.00% plus one month LIBOR. In the fourth quarter of 2021, the outstanding balance under this credit facility was fully repaid and the revolver credit facility was cancelled.

Sunoma loan

On August 27, 2020, Sunoma entered into a debt agreement with Live Oak Banking Company (“Lender”) for an aggregate principal amount of $20,000. At June 30, 2022, the total amount outstanding under the Sunoma Loan Agreement, including accrued interest of $1,615, was $19,431 and the loan proceeds were used for the construction of the subsidiary’s dairy digester-to-RNG project. Sunoma paid $635 as financing fees. The loan bears interest at the greater of Prime plus 3.50%, or 7.75%.

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 worth ratio cannot exceed 5:1 (ii) the minimum current ratio cannot be less than 1.0 (iii) minimum debt service coverage ratio of trailing four quarters cannot be less than 1.25. These covenants apply after the construction is complete and the facility meets certain predetermined operational standards and documentation criteria and the loan converts to a term loan which is expected to be in third quarter of 2022.

The construction loan had an original maturity date of April 27, 2022. During the first quarter of 2022, the Company received an extension to the original maturity date until July 27, 2022. At maturity, the construction loan outstanding under the Sunoma loan is convertible to a permanent loan guaranteed by the United States Department of Agriculture (“USDA”). The loan was converted into a permanent loan in July 2022. The Permanent USDA loan will consist of an 11-year term and bear interest at the then-current 10-year LIBOR Swap rate plus 5.45%, fixed for the term of the loan. The floor rate of the USDA loan will be equal to 6.75%. The Permanent USDA loan will be secured by the assets of Sunoma. The accrued interest is payable after the conversion to a permanent loan.

The significant assets of Sunoma are parenthesized in the condensed consolidated balance sheets as June 30, 2022 and December 31, 2021. Refer to Note 12, *Variable Interest Entities*, to the condensed consolidated financial statements.

OPAL term loan

On October 22, 2021, the Company executed a term loan at a newly formed entity, OPAL Fuels Intermediate Holding Company LLC (“OPAL Intermediate Holdco”) as the borrower and Bank of America N.A., Customers Bank, Citi Bank N.A., Barclays Bank PLC as lenders (“Lenders”), Bank of America as administrative agent and Customers Bank as Syndication Agent, which permitted borrowings of up to $125,000. Of the $125,000, the Company had $90,000 available for borrowing upon closing and the remaining $35,000 to be made available as three more RNG facilities become operational. The facility is secured by a pledge in the equity interest of the following subsidiaries of the Company at the time the loan was executed: Beacon Holdco LLC, OPAL Environmental Credit Marketing LLC, TruStar Energy LLC, and OPAL Fuels Services LLC along with cash bank accounts and a security interest in the Company’s environmental credits. A portion of the proceeds of this loan were used to pay off the outstanding balance under the TruStar revolver credit facility in October 2021 and the remainder will be used for general corporate purposes, including investments in RNG projects being developed by the Company. As of June 30, 2022, the Company expects that the three additional RNG facilities will be operational in the third quarter of 2022 at which time the additional $35,000 would be made available to the Company.

Pursuant to the above, the Company borrowed $75,000 in October 2021 and an another $15,000 in February 2022 pursuant to an amendment allowing the Company to drawdown later than the original commitment date. As of June 30, 2022 and December 31, 2021, $83,556 and $75,000, respectively, were outstanding under this term loan.

The loan matures April 22, 2025 and bears interest at 3.0% plus LIBOR. In accordance to the terms of the facility, OPAL Intermediate Holdco is required to repay 1.79% or $1,611 per month beginning March 2022 and an additional $700 per month beginning after the additional drawdown of the $35.0 million in September 2022.

The OPAL term loan contains certain financial covenants which require OPAL Intermediate Holdco to maintain a (i) minimum liquidity of $15,000 until March 31, 2022 and $10,000 thereafter and (ii) leverage ratio not to exceed 4:1. As of June 30, 2022, the Company is in compliance with the financial covenants under this debt facility. Additionally, the debt agreement contains certain customary warranties and representations including but not limited to restrictions on distributions and additional indebtedness.

Convertible note payable

On May 1, 2021, the Company acquired the remaining ownership interests in Beacon and signed an unsecured, contingently convertible note (the “Note”) for a total aggregate amount for $50,000 at an interest rate of 8.00% per annum. The Company has the option to pay the interest in cash on a quarterly basis or payment-in-kind interest. The Company chose the option of payment-in-kind interest.

The Convertible note payable matures the earlier of December 31, 2026 or the date on which a change in control occurs as defined in the terms of the Note. Upon the consummation of the BCA, the counterparty may choose to convert the total amount outstanding under the Note to common shares based on a certain pre-determined conversion formula. If the BCA is not complete by September 30, 2022, the Company can redeem the Note by repaying the amounts outstanding in full plus a 10.00% penalty. After September 30, 2022, there is no prepayment penalty. If the BCA is consummated prior to September 30, 2022, the counterparty may elect not to take common shares and require the Company to redeem the Note in cash. On July 21, 2022, 50% of the Convertible note payable was converted to equity upon consummation of the Business Combination. Please see Note 16, *Subsequent Events* for additional information.

The Company elected to account for the Note using the fair value option in accordance with ASC 820, *Fair Value Measurement*, on May 1, 2021, which was determined to be $55,410. The fair value was subsequently remeasured on each reporting date and the change in fair value recorded as interest expense in the condensed consolidated statement of operations for each reporting period. At June 30, 2022 and December 31,2021, the Note was classified as non-current liability in the condensed consolidated balance sheets at a fair value of $60,820 and $58,710, respectively. The Company recorded $2,110 and $888 as payment-in-kind interest expense in the condensed consolidated statement of operations for the six months ended June 30, 2022 and 2021, respectively.

Municipality loan

FM3 entered into a loan agreement for the construction of an interconnection that was initially funded by the municipality. The Company is scheduled to make payments to a municipality of the amount of $1,600 plus interest at a fixed annual rate of 3.00% through April 1, 2023. At June 30, 2022 and December 31, 2021, $174 and $278, respectively, were outstanding on the loan.

Interest rates

2022

For the six months ended June 30, 2022, the weighted average effective interest rate including amortization of debt issuance costs on Senior secured facility was 4.25% including a margin plus LIBOR.

For the six months ended June 30, 2022, the weighted average effective interest rate including amortization of debt issuance costs on OPAL term loan was 4.93%.

For six months ended June 30, 2022, the interest rate on the Sunoma loan was 7.75%.

For the six months ended June 30, 2022, the payment-in-kind interest rate on Convertible note payable was 8.00%. The change in fair value of the Note recorded as interest expense between May 1, 2021 and June 30, 2022 was $5,410.

For the six months ended June 30, 2022, the weighted average interest rate on Municipality loan was 3.00%.

2021

For the six months ended June 30, 2021, the weighted average effective interest rate for this period was 4.23%.

For the six months ended June 30, 2021, the interest rate on TruStar revolver credit facility was 3.34%.

For the six months ended June 30, 2021, the weighted average interest rate on Municipality loan was 3.00%.

The following table summarizes the Company’s total interest expense for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30,	
	2022	**2021**
Senior secured credit facility	$ 1,440	$ 1,334
Municipality loan	2	5
OPAL term loan	1,743	—
Sunoma loan [1]	911	—
TruStar revolver credit facility	—	334
Convertible note payable mark-to-market	2,110	888
Commitment fees and other finance fees	204	279
Amortization of deferred financing cost	898	477
Interest income on Note receivable	(900)	(12)
Total interest expense	$ 6,408	$ 3,305

(1) The interest on the Sunoma loan was capitalized during the construction phase of the RNG facility. Sunoma became operational in December 2021. Therefore, the interest for the six months ended June 30, 2022 has been expensed.

8. Leases

During 2018, the Company renewed 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. In addition, the Company maintains a fleet of vehicles under lease with terms ranging from 48 to 60 months and with lease expiration dates ranging from April 2021 to June 2026.

Future minimum lease payments are as follows:

Six months ending December 31, 2022	$	339
Fiscal year:		
2023		816
2024		760
2025		675
2026		75
	$	2,665

The Company incurred rent expense of $690 and $403 for the six months ended June 30, 2022 and 2021, respectively.

9. Derivative Financial Instruments and Fair Value Measurements

Interest rate swaps

The Company has various interest rate swap agreements, including swaps entered into in early 2020. The average annual fixed rate ranges from 2.38% in 2020 to 2.50% in 2022. These transactions involved the exchange of fixed and floating rate interest payment obligations without the exchange of the underlying principal amounts. The Company has accounted for these instruments as economic hedges and has included changes in their fair market value in the condensed consolidated statements of operations.

The location and amounts of derivatives fair values in the condensed consolidated balance sheets are:

	June 30, 2022	December 31, 2021	Location of Fair Value Recognized in Balance Sheet
Derivatives designated as economic hedges:			
Current portion of interest swaps	$ (38)	$ (992)	Derivative financial liability, current portion
	$ (38)	$ (992)	

The effect of derivative instruments on the condensed consolidated statement of operations were as follows:

	Six Months Ended June 30,		Location of (Loss) Gain Recognized in Operations from Derivatives
	2022	2021	
Interest rate swaps	$ 626	$ 853	
Net periodic settlements	(954)	(870)	
	$ (328)	$ (17)	Realized and unrealized gain on interest rate swaps, net

The Company may be exposed to credit risk on any of the derivative financial instruments that are in an asset position. Credit risk relates to the risk of loss that the Company would incur because of nonperformance by counterparties pursuant to the terms of their contractual obligations. To mitigate this risk, management monitors counterparty credit exposure on an annual basis, and the necessary credit adjustment have been reflected in the fair value of financial derivative instruments. There are no credit-risk-related contingent features that could be triggered in derivative financial instruments that are in a liability position.

The Company enters into interest rate swap contracts with counterparties that allow for net settlement of derivative assets and derivative liabilities. The Company has made an accounting policy election to offset recognized amounts relating to these interest swaps within the condensed consolidated balance sheets.

The following tables summarize the fair value of derivative instruments on the Company's condensed consolidated balance sheets and the effect of netting arrangements and collateral on its financial position:

	Gross Amounts of Recognized Assets/(Liabilities)	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets/(Liabilities) in the Balance Sheet
Balance, June 30, 2022:			
Interest rate swap liability	$ (38)	$ —	$ (38)
Balance, December 31, 2021:			
Interest rate swap liability	$ (992)	$ —	$ (992)

There were no collateral balances with counterparties outstanding as of the period-end dates.

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 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 the contract price causing loss of higher revenues.

In December 2018, the Company signed an amendment that converted an existing power purchase agreement ("PPA") into a commodity swap contract to allow the Company flexibility to sell the capacity separately and schedule sale of electricity to independent third parties. Post the amendment, the Company agreed to net settle the contract in cash on a monthly basis based on the difference between the contract price and market price. The contract has a default minimum of 34,554 MWh per year. Additionally, the Company entered into an ISDA agreement with a counterparty in November 2019. Pursuant to the agreement, the Company entered into swaps with contract prices ranging between $35.75 and $51.25 per MWh.

The following table summarizes the commodity swaps in place as of June 30, 2022 and December 31, 2021. There were no new commodity swap contracts entered in the six months ended June 30, 2022.

Trade Date	Period From	Period To	Notional Quantity per Year ("MWh")	Average Contract Price (per MWh)
December 14, 2018	January 1, 2019	September 30, 2022	34,554	$ 66.12
October 28, 2021	November 1, 2021	December 31, 2022	30,660	$ 48.75
December 27, 2021	January 1, 2022	December 31, 2022	26,280	$ 50.75

The following table summarizes the effect of commodity swaps on the condensed consolidated statements of operations for the six months ended June 30, 2022 and 2021:

Derivatives not designated as hedging instruments	Location of (loss) gain recognized	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Commodity swaps - realized loss	Revenues - Renewable power	$ (187)	$ 497
Commodity swaps - unrealized loss	Revenues - Renewable power	(936)	(1,929)
Total realized and unrealized loss	Revenues - Renewable power	$ (1,123)	$ (1,432)

The following table summarizes the derivative assets and liabilities related to commodity swaps as of June 30, 2022 and December 31, 2021:

	Fair Value		
	June 30, 2022	December 31, 2021	Location of Fair value recognized in Balance Sheet
Derivatives designated as economic hedges			
Current portion of unrealized gain on commodity swaps	$ —	$ 382	Derivative financial asset, current portion
Current portion of unrealized loss on commodity swaps	$ (554)	$ —	Derivative financial liability, current portion

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 of $140,302 and $134,083 as of June 30, 2022 and December 31, 2021, respectively, represents the total amount to be repaid if the debt has to be discharged in full and therefore approximates its fair value.

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's interest rate swap contracts are valued with pricing models commonly used by the financial services industry using discounted cash flows of forecast future swap settlements based on projected three-month LIBOR rates. The Company does not consider these models to involve significant judgment on the part of management and corroborated the fair value measurements with counterparty valuations. The Company's interest rate swaps are classified within Level 2 of the valuation hierarchy based on the observable market rates used to determine its fair value. The Company does not expect to change its valuation techniques and therefore does not anticipate any transfers into or out of different levels of hierarchy. These interest rate swaps are accounted for as derivative financial instrument liabilities.

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 ("NYMEX"), Amerex Energy Services ("Amerex") and Tradition Energy ("Tradition"). 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 ("DCF") 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 Company's convertible note is valued with a discounted cash flow analysis to estimate the present value of the cash outflows associated with the arrangement. A synthetic credit rating model is utilized to estimate the Company's credit rating based on the Company's financial condition and the Company's forecasts and plans with respect to debt service, which is then used as input to perform a comparable yield analysis with similarly rated companies to obtain an appropriate discount rate. Other significant inputs include the principal amount, the stated coupon rate, the maturity date of the note and the conversion multiple, all of which are directly observable from the contract. This estimate also requires assumptions and judgements regarding the probability and the timing of the event occurring that would lead to automatic conversion. Certain significant assumptions used to determine the fair value of the convertible note represent Level 3 inputs and can regularly change. As such, the fair value measurement of the convertible note is subject to changes in these unobservable inputs as of the measurement date. 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 the convertible note based on discount rates ranging from 7.0% to 7.5%.

There were no transfers of assets between Level 1, Level 2, or Level 3 of the fair value hierarchy as of June 30, 2022 or December 31, 2021.

The Company's assets and liabilities that are measured at fair value on a recurring basis include the following as of June 30, 2022 and December 31, 2021, set forth by level, within the fair value hierarchy:

	Fair value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Asset retirement obligation	$ —	$ —	$ 5,887	$ 5,887
Contingent consideration on acquisition of non-controlling interest	—	—	4,639	4,639
Convertible note payable	—	—	60,820	60,820
Interest rate swap	—	38	—	38
Commodity swap contracts	—	554	—	554

	Fair value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Asset retirement obligation	$ —	$ —	$ 5,738	$ 5,738
Contingent consideration on acquisition of non-controlling interest	—	—	4,456	4,456
Convertible note payable	—	—	58,710	58,710
Interest rate swap	—	992	—	992
Assets:				
Commodity swap contracts	—	382	—	382

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, 2022 is included in Note 2, *Summary of Significant Accounting Policies*.

10. Related Parties

Related parties are represented by our Ultimate Parent and other affiliates, subsidiaries and other entities under common control with the Ultimate Parent.

Capital contributions and distribution from and to members

During the six months ended June 30, 2022 and 2021, the Company received contributions from its Ultimate Parent of $0 and $7,522, respectively. Additionally, the Company made distributions to its Ultimate Parent of $0 and $3,695 for the six months ended June 30, 2022 and 2021, respectively.

Sale of non-controlling interests to Related Parties

On November 29, 2021, as part of an exchange agreement ("Hillman exchange"), the Company issued 14 newly authorized common units and 300,000 Series A-1 preferred units to Hillman in return for Hillman's non-controlling interest in four RNG project subsidiaries for total consideration of $30,000. The Company recorded paid-in-kind preferred dividend of $1,207 for the six months ended June 30, 2022. Please see Note 13, *Redeemable Preferred Units and Equity*, for additional information.

Purchase of investments from Related Parties

In August 2021, the Company acquired a 100% ownership interests in Reynolds RNG LLC ("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 BTB Holdings LLC ("GREP") representing 20% interest for a cash consideration of $1,570 which owns 50% of BioTown Biogas LLC ("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 loss of $556 as its share of net loss for the six months ended June 30, 2022 and reduced its investment in GREP as of June 30, 2022.

Equity commitment letters

During 2021, the Ultimate Parent entered into two equity commitment agreements with third-party investors which established the amount of capital contributions to be made by these investors in four RNG projects being developed by the Company in exchange for which the third-party investor would acquire a specified ownership percentage in the RNG project. In conjunction with this, for the purpose of satisfying the Engineering, Procurement, and Construction Agreements under which these RNG projects would be built, the Ultimate Parent issued four equity commitment letters to the contractor hired to construct these RNG projects. As of June 30, 2022, the equity commitments for three RNG facilities have been fulfilled and only one equity commitment letter is outstanding which is shown below:

	Equity Commitment Letters	Amount Distributed Under the Equity Commitment Letters	Amount Outstanding Yet to be Fulfilled
June 30, 2022:			
New River RNG	$ 16,562	$ 14,775	$ 1,787
	$ 16,562	$ 14,775	$ 1,787

Sales contracts with Related Parties

In June 2020, TruStar, a wholly-owned subsidiary of the Company, contracted with Beacon to dispense Beacon's RNG, generate and market the resulting RINs created on behalf of Beacon. The term of this contract is September 1, 2020 through October 31, 2030. 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. During 2021, the Company acquired the remaining interests in Beacon. Therefore, all environmental fees earned is eliminated in the condensed consolidated statements of operations for the six months ended June 30, 2022. During 2021, the Company accounted Beacon under equity method for the period between January 1, 2021 and April 30, 2021 and consolidated Beacon for the remaining part of the year. Therefore, all environmental fees earned after May 1, 2021 is eliminated in the condensed consolidated statement of operations. For the period between January 1, 2021 and April 30, 2021, the company earned environmental processing fees of $632, net of intersegment elimination.

In March 2021, TruStar, a wholly-owned subsidiary of the Company, contracted with Noble Road to dispense Noble Road's RNG, generate and market the resulting RINs created on behalf of Noble Road The term of this contract is November 1, 2021 through June 30, 2032. 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. The facility came online in first quarter of 2022. For the six months ended June 30, 2022 and 2021, the Company earned environmental processing fees of $242 and $0, 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, the Company signed a management, operations, and maintenance services agreement ("Administrative services agreement") with the Ultimate Parent, pursuant to which the Ultimate Parent provides management, operations, and maintenance services to the Company. The agreement expires on December 31, 2023, unless the termination occurs earlier due to dissolution of the Company or 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 and a fixed annual payment of $580,000 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 its Ultimate Parent. For the six months ended June 30, 2022 and 2021, there have been no material services by the Company's employees to its Ultimate Parent.

In June 2021, the company entered into an management services agreement with Costar Partners LLC ("Costar"), an affiliate of the Ultimate Parent. As per 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 agreement expires in June 2024 unless the termination occurs earlier due to dissolution of the Company or terminated by the Company's secured lenders in certain circumstances.

The following table summarizes the various fees recorded under the agreements described above which are included in "Selling, general, and administrative" expenses except for $1,516 which was recorded as part of "Deferred financing costs" as of June 30, 2022:

	Six months ended	
	June 30, 2022	**June 30, 2021**
Staffing and management services	$ 1,105	$ 3,920
Rent - fixed compensation	274	—
IT services	1,085	—
Total	$ 2,464	$ 3,920

As of June 30, 2022 and December 31, 2021, the Company had Accounts payable, related party in the amounts of $1,141 and $166, respectively.

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. During the second quarter of 2022, the Company changed its internal reporting to its Chief Operating Decision Makers. 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.

- **Renewable Power Portfolio.** The Renewable Power 3 ("RP3") portfolio generates renewable power through methane-rich landfills and digester gas collection systems primarily located in Southern California. RP3 sells renewable power to public utilities throughout the United States. The Renewable Power 4 ("RP4") portfolio generates renewable power through methane-rich landfills and digester gas collection systems. RP4 sells renewable power to public utilities throughout the United States.

- **RNG Fuel.** This division relates to all RNG supply and dispensing related activities directly related to the generation and sale of brown gas and environmental credits.

  - Development and construction – RNG facilities in which long term gas right contracts have been or in the process of being ratified and the building of RNG generation facilities.

  - RNG supply operating facilities – This includes the generation, extraction, and sale of RNG - (plus associated RINs and LCFSs from landfills (includes Beacon, Emerald, Reynolds, Sapphire, Noble Road, Central Valley New River, and Pine Bend) and dairy farms (Sunoma).

  - RNG and CNG fuel dispensing stations for vehicle fleets - This includes both dispensing/sale of brown gas and the environmental credit generation and monetization. This company operates fueling stations that dispense gas into transportation vehicles. Also includes the development and construction of these facilities.

The RNG Fuel portfolio consists of the Company's interests in Beacon, Noble Road, Pine Bend, New River, Central Valley, Emerald, Reynolds, Sapphire, and Sunoma. For the six months ended June 30, 2022, the Company has accounted for its interests in Pine Bend, Reynolds and Noble Road under the equity method of accounting and the results of operations of Beacon, New River, Central Valley, Emerald, Sapphire, and Sunoma were consolidated in its condensed consolidated statement of operations. The Company has accounted for its interest in Beacon under the equity method of accounting for the period between January 1, 2021 and April 30, 2021 and had consolidated for the period May 1, 2021 and June 30, 2021. The results of operations of Noble Road, Pine Bend and Sunoma for the period between January 1, 2021 and June 30, 2021 were consolidated in its condensed consolidated statement of operations. As of June 30, 2022, Pine Bend, Central Valley, Emerald, and Sapphire are not operational. Sunoma became operational in December 2021, Noble Road in January 2022 and New river in April 2022.

- **Fuel Station Services.** The Company also provides maintenance services to third-party owners of vehicle fueling stations. It includes

  - Service and maintenance contracts for RNG/CNG fueling sites across the US. Includes a manufacturing division that builds Compact Fueling Systems (CFS) and Defueling systems.

  - Third Party CNG Construction of Fueling Stations. Design/build and serve as general contractor for typically Guarantee Maxim Price (GMP) or fixed priced contracts for customers typically lasting less than one year.

- **Corporate.** Consists of a multitude of activities managed and maintained at a 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 determined that each of the four operating segments meets the characteristics of a reportable segment in U.S. GAAP. The Company 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.

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenues:		
Renewable Power	$ 20,088	$ 22,321
RNG Fuel	59,475	34,903
Fuel Station Services	32,685	17,177
Other[1]	127	49
Intersegment	(5,022)	(2,485)
Equity Method Investment(s)	(5,089)	(14,181)
	$ 102,264	$ 57,784

(1) Other includes revenues of Fortistar Contracting LLC.

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Interest and Financing Expense, Net:		
Renewable Power	$ (2,119)	$ (2,070)
RNG Fuel	(51)	(24)
Corporate	(4,238)	(323)
	$ (6,408)	$ (2,417)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Depreciation, Amortization, and Accretion:		
Renewable Power	$ 3,107	$ 2,467
RNG Fuel	3,758	2,378
Fuel Station Services	202	209
Other[1]	64	64
Equity Method Investment(s)	(573)	(1,059)
	$ 6,558	$ 4,059

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

	Six Months Ended June 30,	
	2022	2021
Net (Loss) Income:		
Renewable Power (2)	$ (2,169)	$ (4,850)
RNG Fuel	13,642	4,510
Fuel Station Services (2)	3,414	2,681
Corporate (1) (2)	(19,660)	13,444
Equity Method Investment(s)	(36)	2,392
	$ (4,809)	$ 18,177

(1) The Net Income for Corporate segment includes $19,818 gain on acquisition of equity method investment for the six months ended June 30, 2021.
(2) The Net Income for Corporate segment for the six months ended June 30, 2021, includes certain payroll expenses for employees who were transferred from Renewable Power and Fuel Station Services segment for the six months ended June 30, 2022.

	Six Months Ended June 30,	
	2022	2021
Cash paid for Purchases of Property, Plant, and Equipment:		
Renewable Power	$ 1,300	$ —
Fuel Station Services	$ 3,300	$ —
RNG Fuel	$ 50,559	$ 34,422
	$ 55,159	$ 34,422

	June 30, 2022	December 31, 2021
Total Assets:		
Renewable Power	$ 44,828	$ 43,728
RNG Fuel	303,520	215,512
Fuel Station Services	60,700	56,567
Corporate	56,083	17,528
Other[(1)]	—	359
Equity Method Investment(s)	47,113	47,150
	$ 512,244	$ 380,844

(1) Other includes total assets associated with Fortistar Contracting LLC as the Company does not maintain segment-level records for these balances.

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

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, 2022 and December 31, 2021, the Company held equity interests in five VIEs — Sunoma, GREP, Emerald, Sapphire, and Central Valley.

GREP has been presented as an equity method investment and the remaining four VIEs Sunoma, Emerald, Sapphire, 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 facility. Therefore, the significant assets and liabilities of Sunoma are parenthesized in the condensed consolidated balance sheets as of June 30, 2022 and December 31, 2021.

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 four entities including establishment of strategic, operating, and capital decisions for each of these entities;

- 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*.

The VIEs, Emerald and Sapphire are organized as 50/50 joint ventures managed by an independent board consisting of four members appointed by the Company and the joint venture partner. The board of managers has sole power and authority to conduct, direct and exercise control over the joint venture's activities except with respect to certain terms under certain operating agreements. The Company determined that it is the primary beneficiary as a result of its economic exposure and incremental power to direct certain key economic activities of the joint venture and therefore consolidated the VIEs in its condensed consolidated financial statements.

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, 2022 and December 31, 2021. The VIE 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, 2022	As of December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 23,864	$ 1,991
Accounts receivable, net	100	40
Prepaid expenses and other current assets	496	113
Total current assets	24,460	2,144
Property, plant and equipment, net	36,653	27,794
Restricted cash, non-current	1,164	1,163
Total assets	$ 62,277	$ 31,101
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 217	$ 544
Accounts payable, related party	939	—
Accrued capital expenses	—	1,722
Sunoma loan - current portion	1,418	756
Accrued expenses and other current liabilities	184	—
Total current liabilities	2,758	3,022
Sunoma loan, net of debt issuance costs	17,469	16,199
Total liabilities	20,227	19,221
Equity		
OPAL Fuels LLC equity	24,412	10,692
Non-controlling interest	17,638	1,188
Total equity	42,050	11,880
Total Liabilities and Equity	$ 62,277	$ 31,101

13. Redeemable Preferred Units and Equity

On November 29, 2021, as part of an exchange agreement ("Hillman exchange"), the Company issued the 14 newly authorized common units and 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, Mendocino Capital LLC ("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. As of June 30, 2022, the Company issued 1,000,000 units for total proceeds of $100,000. The Company incurred issuance costs of $267 in third-party legal fees in the fourth quarter of 2021, which was presented as Deferred financing costs in the condensed consolidated balance sheet as of December 31, 2021. 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. Therefore, the Company amortized the $267 to Retained earnings component of Members' equity as of June 30, 2022.

The following table summarizes the changes in the redeemable preferred units from December 31, 2021 to June 30, 2022:

	Series A-1 Preferred Units		Series A Preferred Units	
	Units	Amount	Units	Amount
Balance, December 31, 2021	300,000	$ 30,210	—	$ —
Series A units issued	—	$ —	1,000,000	$ 100,000
Paid-in kind dividends on issued and outstanding units	—	$ 1,207	—	$ 1,228
Balance, June 30, 2022	300,000	$ 31,417	1,000,000	$ 101,228

14. Net (Loss) Income Per Unit

The Basic loss per unit attributable to members of OPAL Fuels LLC for the six months ended June 30, 2022 and 2021 is computed by dividing the net loss attributable to OPAL Fuels LLC by the weighted-average number of common units outstanding during the period. Diluted net loss for the six months ended June 30, 2022 and 2021 does not include 1,000,000 Series A redeemable preferred units and 300,000 Series A-1 redeemable preferred units because the substantive contingency for conversion has not been met as of June 30, 2022.

	Six Months Ended June 30,	
	2022	2021
Net (loss) income attributable to OPAL Fuels LLC	$ (6,745)	$ 18,375
Weighted average units - Basic	1,000	986
Weighted average units - Diluted	1,000	986
Basic net (loss) income per unit	$ (6,745)	$ 18,636
Diluted net (loss) income per unit	$ (6,745)	$ 18,636

15. Commitments and Contingencies

Letters of Credit

As of June 30, 2022 and December 31, 2021, the Company was required to maintain eight standby letters of credit totaling $9,348 and $9,023, respectively, to support obligations of 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 10-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 engaged in a dispute with a municipality relating to the proceeds from a Section 1603 Treasury grant. The municipality has filed a claim for one-half of the proceeds, plus interest. While it is not possible to determine the outcome at this time, the Company could be liable for an amount ranging from $0 to $1,500 in this proceeding.

On June 26, 2020, Richmond Energy LLC ("Richmond") declared a Force Majeure event under its PPA with Old Dominion Electric Cooperative ("ODEC"), dated as of November 3, 2010. The Force Majeure declaration stated that inspections of its Old Dominion landfill gas-to-electric facility (the "OD Facility") under a scheduled maintenance outage revealed extensive damage to the engine generator sets. Richmond is currently undertaking significant capital expenditures, in cooperation with the landfill owner, to prepare the OD Facility to restart during calendar year 2022. On January 7, 2022, Richmond received an invoice and associated correspondence from ODEC asserting aggregated liquidated damages under the PPA for calendar years 2020 and 2021, reflecting the cover value of renewable energy certificates that would have been generated in those years, in the amount of $467. Richmond and ODEC entered into a settlement agreement whereby Richmond would pay ODEC the specified damages for calendar years 2020 and 2021, as well as those to be assessed for calendar year 2022 ("Settlement Agreement"). On February 8, 2022, Richmond paid ODEC $467 pursuant to the Settlement Agreement; liquidated damages for calendar year 2022, if any, will be assessed by ODEC during the first quarter of 2023.

The Company is also 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.

16. Subsequent Events

As previously announced, ArcLight Clean Transition Corp. II ("ArcLight" and, after the Domestication as described below, ("New OPAL"), a Cayman Islands exempted company, entered into that certain Business Combination Agreement, dated December 2, 2021 (the "Business Combination Agreement"), by and among ArcLight, Opal Holdco LLC ("OPAL Holdco"), and OPAL Fuels LLC, a Delaware limited liability company ("OPAL Fuels").

On July 21, 2022 (the "Domestication Date"), ArcLight competed the business combination as contemplated by the Business Combination Agreement. In connection therewith, ArcLight filed a notice of deregistration with the Cayman Islands Registrar of Companies, together with the necessary accompanying documents, and filed a certificate of incorporation and a certificate of corporate domestication with the Secretary of State of the State of Delaware, under which ArcLight was domesticated and continued as a Delaware corporation (the "Domestication"). Pursuant to the Domestication, (i) each outstanding Class B ordinary share, par value $0.0001 per share (the "Class B ordinary shares"), of ArcLight was automatically converted, on a one-for-one basis, into a Class A ordinary share, par value $0.0001 per share (the "Class A ordinary shares"), of ArcLight; (ii) each issued and outstanding Class A ordinary share (including Class A ordinary shares resulting from the conversion of Class B ordinary shares into Class A ordinary shares) was automatically converted, on a one-for-one basis, into a share of New OPAL Class A common stock, par value $0.0001 per share (the "New OPAL Class A common stock"); (iii) each issued and outstanding whole warrant to purchase Class A ordinary shares of ArcLight automatically converted into a warrant to acquire one share of New OPAL Class A common stock at an exercise price of $11.50 per share (each a "New OPAL warrant"); and (iv) each issued and outstanding unit of ArcLight that had not been previously separated into the underlying Class A ordinary shares of ArcLight and the underlying warrants of ArcLight upon the request of the holder thereof prior to the Domestication was cancelled and entitled the holder thereof to one share of New OPAL Class A common stock and one-fifth of one New OPAL warrant.

On July 21, 2022 (the "Closing Date"), as contemplated by the Business Combination Agreement:

- OPAL Fuels and its existing members caused OPAL Fuels' existing limited liability company agreement to be amended and restated and in connection therewith, all of the common units of OPAL Fuels issued and outstanding immediately prior to the closing were re-classified into 144,399,037 Class B common units of OPAL Fuels (collectively, the "OPAL Common Units");

- New OPAL contributed to OPAL Fuels $123,363 (representing (x) the amount of cash in the trust account established by ArcLight with the proceeds from its initial public offering as of immediately prior to the Closing, after giving effect to the exercise of redemption rights by any ArcLight shareholders and the set aside of funds in escrow to support a forward purchase agreement (described further below), plus (y) the aggregate cash proceeds received in respect of the PIPE Investment (as defined below);

- New OPAL contributed to OPAL Fuels, and OPAL Fuels in turn distributed to pre-closing members of OPAL Fuels, 144,399,037 shares of Class D common stock, par value $0.0001 per share, of New OPAL (the "New OPAL Class D common stock") (such shares of New OPAL Class D common stock do not have any economic value but entitle the holder thereof to five votes per share) with the number of such shares of New OPAL Class D common stock equal to the number of OPAL Common Units held by each pre-closing member of OPAL Fuels;

- New OPAL issued directly to ARCC Beacon LLC, a Delaware limited liability company ("Ares"), 3,059,533 shares of New OPAL Class A common stock; and

- OPAL Fuels issued to New OPAL 25,171,390 Class A Units of OPAL Fuels (the foregoing transactions being referred to as the "Business Combination").

In addition, pursuant to subscription agreements entered into with certain investors (the "PIPE Investors") in connection with the Business Combination (the "PIPE Investment"), concurrently with the closing of the Business Combination (the "Closing"), New OPAL received $105,806 in proceeds from the PIPE Investors, in exchange for which it issued 10,580,600 shares of New OPAL Class A common stock to the PIPE Investors. New OPAL received the remaining $5,000 subscribed for pursuant to the PIPE Investment from one of the PIPE Investors subsequent to the Closing and issued 500,000 shares of New OPAL Class A common stock.

Holders of 27,364,124 Class A ordinary shares sold in ArcLight's initial public offering (the "public shares") properly exercised their right to have their public shares redeemed for a full pro rata portion of the trust account holding the proceeds from ArcLight's initial public offering, calculated as of two business days prior to the Closing, which was approximately $10.00 per share, or $274,187 in the aggregate.

Pursuant to a forward share purchase agreement (the "Forward Purchase Agreement") entered into between ArcLight and Meteora Capital Partners and its affiliates (collectively, "Meteora"), prior to the closing of the Business Combination Meteora purchased 2,000,000 Class A ordinary shares of ArcLight from shareholders which had previously tendered such shares for redemption but agreed to reverse their redemption and sell such shares to Meteora at the redemption price, resulting in Meteora holding a total of 2,000,000 Class A ordinary shares, which Meteora agreed not to redeem in connection with the Business Combination. Additionally, ArcLight placed $20,040 in escrow at the closing of the Business Combination to secure its purchase obligations to Meteora under the Forward Purchase Agreement.

After giving effect to the Business Combination, the redemption of public shares as described above, the consummation of the PIPE Investment, and the separation of the former ArcLight units, there are currently (i) 25,671,390 shares of New OPAL Class A common stock issued and outstanding, (ii) 144,399,037 shares of New OPAL Class D common stock issued and outstanding, (iii) no shares of Class B common stock, par value $0.0001 per share, of New OPAL ("New OPAL Class B common stock") issued and outstanding (shares of New OPAL Class B common stock do not have any economic value but entitle the holder thereof to one vote per share) and (iv) no shares of Class C common stock, par value $0.0001 per share, of New OPAL ("New OPAL Class C common stock") issued and outstanding (shares of New OPAL Class C common stock entitle the holder thereof to five votes per share).

The New OPAL Class A common stock and New OPAL warrants commenced trading on the Nasdaq under the symbols "OPAL" and "OPALW," respectively, on July 22, 2022, subject to ongoing review of New OPAL's satisfaction of all listing criteria following the Business Combination.

As noted above, an aggregate of $274,187 was paid from the trust account to holders that properly exercised their right to have their public shares redeemed, and the remaining balance immediately prior to the Closing of $37,597 remained in the trust account. The remaining amount in the trust account, together with the proceeds from the PIPE Investment, were contributed by New OPAL to OPAL Fuels after the set aside of funds in escrow to support a Forward Purchase Agreement.

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.

On July 15, 2022, the Company received a redemption notice from Biotown for the Note receivable and the Company subsequently received $11,555 including the prepayment penalty of $546 and accrued interest.

On August 4, 2022, OPAL Fuels Intermediate Holdco 2 LLC ("OPAL Intermediate Holdco 2"), a wholly-owned subsidiary of the Company, as borrower, together with its direct and indirect subsidiaries, as guarantors, entered into a new senior secured credit facility (the "Credit Agreement") with Bank of Montreal, as the administration agent, Wilmington Trust, as collateral and depositary agent, and the other lenders a party thereto. The Credit Agreement provides for an approximately two year delayed term loan facility (the "DDTL Facility") of up to a maximum aggregate principal amount of $100.0 million and Debt Service Reserve facility (the "DSR Facility") of up to a maximum aggregate principal amount of $5.0 million. The proceeds of the DDTL Facility are to be used to fund a portion of the construction of the RNG projects owned, either in full or through a joint venture with a third party, by the subsidiary guarantors and the proceeds of the DSR Facility are to be used solely to satisfy the balance to be maintained in the debt service reserve account.

The outstanding borrowings under the Credit Agreement bear interest at the benchmark rate of adjusted Term SOFR plus (i) for the period from closing to the earlier of the date of conversion of the construction loan to a term loan (the "Conversion Date") or September 30, 2024, a spread of 3.5%, and (ii) thereafter a spread of 3.75%. Accrued interest on amounts outstanding under the DDTL Facility must be paid on the last day of each applicable interest period. The outstanding principal amount of the DDTL Facility is subject to quarterly amortization payments commencing September 30, 2024 equal to 2.5% of the aggregate principal amount of the outstanding term loan balance as of the Conversion Date, subject to adjustment based on certain mandatory prepayments, with the balance due at maturity. The DSR Facility is due at maturity. The Credit Agreement matures on August 4, 2027.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of Opal Fuels LLC, a Delaware limited liability company ("OPAL," the "Company," "we," "us," and "our"), should be read together with our unaudited condensed consolidated financial statements as of June 30, 2022 and for the six months ended June 30, 2022 and 2021, together with related notes thereto (the "Interim Financial Statements"), and our pro forma financial information as of and for the six-month period ended June 30, 2022 included as exhibits to the amendment ("Amendment No. 1") to our Current Report on Form 8-K, which was originally filed with the Securities and Exchange Commission (the "SEC") on July 27, 2022 (as originally filed, the "Original Report"). The following discussion contains forward-looking statements. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in the sections titled "Risk Factors" and "Cautionary Statement Regarding Forward Looking Statements" set forth in or incorporated by reference into the Original Report.

Capitalized terms included below but not defined in this Exhibit 99.2 have the same meaning as terms defined and included elsewhere in the Original Report(as amended by Amendment No.1) and, if not defined in the Original Report (as amended by Amendment No.1), the final prospectus and definitive proxy statement (the "Proxy Statement/Prospectus") filed with the Commission on June 27, 2022.

Overview

We are 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 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. 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. The Biogas Conversion Projects currently use landfill gas and dairy manure as the source of the biogas. In addition, we have has recently begun implementing design, development, and construction services for hydrogen fueling stations, and we are pursuing opportunities to diversify its sources of biogas to other waste streams.

We separately design, develop, construct, operate and service fueling stations for vehicle fleets across the country that dispense RNG and/or CNG to displace diesel as a fleet transportation fuel. During the six months ended June 30, 2022, we dispensed 13.1 million gasoline gallon equivalents ("***GGEs***") of RNG to the transportation market, generating corresponding Environmental Attributes, utilizing its network of 241 Fueling Stations in 40 states in the United States, including more than 32 stations in California as of July 31, 2022. This is a substantial increase from 75 total stations as of December 2021, due to 129 new fueling stations from one fuel dispensing contract. We have has served as the general contractor or supervised qualified third-party contractors to complete over 387 Fueling Station projects and currently service more than 14,000 trucks on a daily basis.

Opco was formed in December 2020 as a wholly owned subsidiary of OPAL Holdco under the laws of the State of Delaware. On December 31, 2020, Fortistar and certain of its affiliated entities (for purposes of this discussion, our "***Ultimate Parent***") contributed their respective ownership interests in the following legal entities to Opco in a common-control reorganization: TruStar Energy LLC, Fortistar RNG LLC, Fortistar Methane 3 Holdings LLC, Fortistar Methane 3 LLC, Fortistar Contracting LLC, Fortistar Services LLC, Gas Recovery Systems, LLC, Minnesota Methane LLC and Fortistar Methane 4 LLC. Opco accounted for its receipt of these interests as a transfer under common control, and accordingly retained the historical basis of accounting by its Ultimate Parent as if the entities had always been held by Opco.

Recent Developments

Business combination

On July 21, 2022, we completed the proposed business combination as per the terms of the Business Combination Agreement ("***BCA***"). In addition, pursuant to subscription agreements entered into with certain investors (the "***PIPE Investors***") in connection with the Business Combination (the "***PIPE Investment***"), concurrently with the closing of the Business Combination (the "***Closing***"), we received $105.8 million in proceeds from the PIPE Investors, in exchange for which we issued 10,580,600 shares of Class A common stock to the PIPE Investors. We received the remaining $5 million subscribed for pursuant to the PIPE Investment from one of the PIPE Investors subsequent to the Closing and issued 500,000 shares of Class A common stock.

After giving effect to the Business Combination, the redemption of public shares as described below, the consummation of the PIPE Investment, and the separation of the former ArcLight units, there are currently (i) 25,671,390 shares of our Class A common stock issued and outstanding, (ii) 144,399,037 shares of our Class D common stock issued and outstanding, (iii) no shares of Class B common stock, par value $0.0001 per share ("***Class B common stock***") issued and outstanding (shares of Class B common stock do not have any economic value but entitle the holder thereof to one vote per share) and (iv) no shares of our Class C common stock, par value $0.0001 per share, ("***Class C common stock***") issued and outstanding (shares of Class C common stock entitle the holder thereof to five votes per share).

The Class A common stock and warrants commenced trading on the Nasdaq Capital Market ("***Nasdaq***") under the symbols "OPAL" and "OPALW," respectively, on July 22, 2022, subject to ongoing review of our satisfaction of all listing criteria following the Business Combination.

An aggregate of $274.2 million was paid from the trust account to holders that properly exercised their right to have their public shares redeemed, and the remaining balance immediately prior to the Closing of $37.6 million remained in the trust account. The remaining amount in the trust account, together with the proceeds from the PIPE Investment, were contributed by us to Opco after the set aside of funds in escrow to support a forward purchase agreement.

Business

On November 29, 2021, we entered into a purchase and sale agreement with NextEra for the Environmental Attributes generated by the RNG Fuels business. Under this agreement, we plan 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 small fee per environmental attribute in addition to the specified discount. The agreement became effective in the first quarter of 2022. During the six months ended June 30, 2022, we earned net revenues after discount of $29.7 million under this contract which was recorded as part of our "RNG fuels" revenue.

On December 10, 2021, we entered into a new 50/50 joint venture and formed Emerald RNG LLC ("***Emerald***") to convert an existing electric facility into an RNG facility. As of June 30, 2022, we contributed $16.9 million as our share of capital investment towards the project.

Financing

On November 29, 2021, Mendocino Capital LLC ("***NextEra***") subscribed for up to 1,000,000 Series A preferred units, which are issuable (in whole or in increments) at our discretion prior to June 30, 2022. As of June 30, 2022, we issued 1,000,000 units for total proceeds of $100.0 million.

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 the section titled *"Risk Factors"* set forth in or incorporated by reference into the Original 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 RVOs for D3 RINs in accordance with the mandates established by the EISA. The EPA's issuance of timely and sufficient annual RVOs to accommodate the RNG industry's growing production levels is necessary to stabilize the RIN market. The current authorization for the EPA's issuance of RVOs will expire beginning in 2023, and the EPA may issue RVOs under a modified system that has yet to be developed, which creates additional uncertainty as to RIN pricing. 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 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.

Commercial transportation, including heavy-duty trucking, generates approximately 30% emissions of overall CO_2 and other climate-harming GHGs 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 RECs and Renewable Power generated by our biogas-to-Renewable Power projects. RECs exist because of legal and governmental regulatory requirements, and a change in law or in governmental policies concerning Renewable Power, LFG, or the sale of RECs could be expected to affect the market for, and the pricing of, the RECs that we can generate through production at our Biogas Conversion Projects. We periodically evaluate opportunities to convert existing biogas-to-Renewable Power projects to RNG production. This strategy has been an increasingly attractive avenue for growth when RNG from landfills became eligible for D3 RINs. We have been negotiating with several of our Renewable Power off-takers to enter arrangements that would free up the LFG resource to produce RNG. Changes in the price we receive for RECs and Renewable Power, 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.

Key Components of Our Results of Operations

We generate revenues from the sale of RNG fuel, Renewable Power, and associated Environmental Attributes, and from the construction, fuel supply, and servicing of Fueling Stations for commercial transportation vehicles. These revenue sources are presented in our statement of operations under the following captions:

- **RNG Fuel.** Revenues are derived from the production and sale of RNG and Environmental Attributes to public utilities and other credit-worthy third parties, including direct sales of RNG to commercial fueling stations. We generally sell brown gas in the spot market, RIN and LCFS credits under a medium-term contract, and CNG under 10-year contracts. Contract pricing is generally based on market price at the time of delivery, and our contracts generally do not have minimum volume commitments. Revenues presented under this caption include the results of our reportable segments “RNG Fuel Supply” and “RNG Fuel Dispensing.”

- **Renewable Power.** Revenues are derived from the production and sale of both Renewable Power and RECs to public utilities and other credit-worthy counterparties under Power Purchase Agreements (“***PPA***”)s and other arrangements throughout the United States. The majority of our Renewable Power and REC production is sold together on a bundled basis under long-term contracts with fixed per-unit pricing, and without minimum volume commitments. Additionally, we receive revenue from public utilities to maintain capacity so that peak electricity demand may be met on an as-needed basis and from operating and maintenance agreements with landfill owners to maintain the site’s gas collection system. In an effort to reduce volatility in our revenues earned from sale of Renewable Power, we enter into certain commodity swap arrangements from time to time. In these arrangements, we deliver megawatt hour (“***MWh***”) capacity and receive a variable price based on market conditions. We convert this variable fee to a fixed fee by paying or receiving funds from the counterparty to the commodity swap arrangement based on the difference between the contract fixed price and the market price. Revenues presented under this caption include the results of our reportable segments “Renewable Power 3 Portfolio” and “Renewable Power 4 Portfolio.”

- **Fuel Station Services.** Revenues are derived from our services to design and construct RNG vehicle fueling stations for fleet operators, and to provide ongoing maintenance services to station owners. Our design and construction arrangements are generally performed within one year and have a guaranteed maximum fixed price. Our maintenance services are generally performed under medium to long-term contracts with volume-based pricing. Revenues presented under this caption include the results of our reportable segments “Fuel Construction Services” and “Fuel Station Services.”

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

- **RNG Fuel.** Includes royalty payments to biogas site owners for the gas we capture; service provider costs; salaries and other indirect expenses related to the production process; utilities; transportation, storage, and insurance; and depreciation of production facilities.

- **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.

- **Fuel Station Services.** Include equipment supplier costs; service provider costs; and salaries and other indirect expenses.

Selling, general, and administrative expense consists of costs involving corporate overhead functions, including 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.

See our period-over-period comparisons below for more information about our performance for the six months ended June 30, 2022 and 2021.

Comparison of the Six Months Ended June 30, 2022, and 2021

The following table presents the period-over-period change for each line item in the Company's statement of operations for the six months ended June 30, 2022 and 2021.

	Six Months Ended June 30,		$	%
(in thousands)	**2022**	**2021**	**Change**	**Change**
Revenues:				
RNG fuel	$ 50,815	$ 19,174	$ 31,641	165%
Renewable power	19,152	21,437	(2,285)	(11)%
Fuel station service	32,297	17,173	15,124	88%
Total revenues	102,264	57,784	44,480	77%
Operating expenses:				
Cost of sales - RNG fuel	30,884	11,080	19,804	179%
Cost of sales - Renewable power	15,948	17,888	(1,940)	(11)%
Cost of sales - Fuel station service	28,757	14,317	14,440	101%
Selling, general, and administrative	18,810	11,185	7,625	68%
Depreciation, amortization, and accretion	6,558	4,059	2,499	62%
Total expenses	100,957	58,529	42,428	72%
Operating income (loss)	1,307	(745)	2,052	275%
Other income (expense)				
Interest and financing expense, net	(6,408)	(3,305)	(3,103)	(94)%
Realized and unrealized gain on derivative financial instruments	328	17	311	1829%
(Loss) Income from equity method investments	(36)	2,392	(2,428)	(102)%
Gain on acquisition of equity method investment	—	19,818	(19,818)	100%
Net (loss) income	(4,809)	18,177	(22,986)	(126)%
Paid-in-kind preferred dividends	2,435	—	2,435	100%
Net loss attributable to non-controlling interests	(499)	(198)	(301)	(152)%
Net (loss) income attributable to OPAL Fuels LLC	$ (6,745)	$ 18,375	(25,120)	(137)%

Revenues

RNG Fuel

Revenue from RNG Fuel increased by $31.6 million, or 165%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This change was attributable primarily to a $22.0 million increase from acquiring the remaining 56% interest in Beacon. Beacon was accounted for as an equity method investment for the period between January 1 to April 30, 2021. There was an increase of $6.8 million from sale of environmental credits coupled with an increase of $1.4 million in fuel dispensing from increase in volumes due to five new sites. Additionally, there was a revenue increase of $1.0 million due to two new RNG facilities coming online - Sunoma and New River.

Renewable Power

Revenue from Renewable Power decreased by $2.3 million, or 11%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This change was attributable primarily due to a decrease of $1.9 million from gas production downtime related to the conversion of a facility from Renewable Power to RNG. Additionally, there was a decrease of $1.0 million due to unplanned maintenance at two facilities offset by a $1.0 million decrease in unrealized loss on commodity swaps.

Fuel Station Service

Revenue from Fuel Station Service increased by $15.1 million, or 88%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This change was primarily attributable to an increase of $12.8 million in construction revenue from additional projects and an increase of $2.6 million from incremental service volumes from the addition of 16 new fueling service sites.

Cost of sales

RNG Fuel

Cost of sales from RNG Fuel increased by $19.8 million, or 179%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This change was attributable primarily to the introduction of Beacon's cost of sales upon consolidation in the second quarter of 2021 resulting in an increase of $9.8 million. There was an increase of $2.2 million from new RNG facilities coming online at Sunoma and New River. The Company incurred $0.8 million of development costs for its Emerald and Central Valley facilities that are currently under construction. Additionally, there was an increase of $4.8 million in costs in downstream dispensing and an increase of $1.7 million in costs for additional brown gas sales.

Renewable Power

Cost of sales from Renewable Power decreased by $1.9 million, or 11%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The decrease was primarily attributable to a $0.7 million decrease in major maintenance at two of our facilities due to timing and a $0.9 million decrease in LFG expense at one of our facilities due to lower Renewable Power generation due to gas issues.

Fuel Station Service

Cost of sales from Fuel Station Service increased by $14.4 million, or 101%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This change was primarily attributable to an increase of $13.3 million from construction of additional projects and an increase of $1.0 million increase in service from higher volumes.

Selling, general, and administrative

Selling, general, and administrative expenses increased by a total of $7.6 million, or 68%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This change was attributable primarily to higher employee headcount and related compensation and benefit expenses of $3.8 million to support our organic growth, an increase of $2.1 million in professional fees and audit fees relating to our efforts to become a publicly traded company, an increase of $1.7 million in IT-related expenses as we invested to improve our technology platforms and $0.7 million in insurance and marketing expenses.

Depreciation, amortization, and accretion

Depreciation, amortization, and accretion increased by a total of $2.5 million, or 62%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This change was attributable primarily to the introduction of Beacon’s property, plant and equipment balances upon consolidation in the second quarter of 2021, increasing our depreciation expense by $0.8 million. Additionally, there was an increase of $0.8 million due to two new RNG facilities coming online at Sunoma and New River, $0.6 million of accelerated depreciation relating to shutdown of one of our Renewable Power generation facilities and $0.2 million increase upon construction of new fueling stations.

Interest and financing expense, net

Interest and financing expenses, net, increased by $3.1 million, or 94%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This change was primarily due to increase in outstanding debt from OPAL term loan resulting in an increase in an interest expense of $1.7 million (includes $0.4 million of amortization of deferred financing costs), $1.2 million of paid-in-kind interest on Convertible note payable relating to acquisition of Beacon, $0.9 million increase from the Sunoma loan as the interest expense was expensed for the six months ended June 30, 2022 whereas the interest was capitalized in the same period prior year as because the construction was completed during the first quarter of 2022. These were offset by savings of $0.3 million on TruStar revolving credit facility as it was paid down in October 2021 and a $0.9 million increase in interest income from Note receivable.

Realized and unrealized gain on interest rate swaps

Realized and unrealized gain on interest rate swaps increased by $0.3 million, or 1829%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This change was attributable primarily to fair value adjustments in connection with our interest rate swaps.

(Loss) Income from equity method investment

Net (loss) income attributable to equity in method investments decreased by $2.4 million, or 102%, for the six months ended June 30, 2022, compared to the six months ended June 30, 2021. This change was attributable primarily to a decrease of $2.4 million from Beacon being accounted for under the equity method for the period between January 1, 2021 and April 30, 2021 and as a consolidated subsidiary thereafter. For the six months ended June 30, 2022, there was net loss from equity method investments in the Pine Bend, Noble Road and GREP.

Gain on acquisition of equity method investment

There was no gain on equity method investment for the six months ended June 30, 2022. The gain on acquisition of equity method investment was $19.8 million for the six months ended June 30, 2021 primarily due to our step acquisition of the remaining interest in Beacon in May 2021.

Paid-in-kind preferred dividends

On November 29, 2021, we entered into an exchange agreement with Hillman whereby Hillman exchanged its ownership interests in the four RNG projects of $30.0 million into 300,000 series A-1 preferred units at a par value of $100 per unit and 1.4% of the common units of Opco. On the same day, we entered into a subscription agreement with NextEra for up to 1,000,000 Series A preferred units, which were issued to NextEra during first and second quarters of 2022 for total proceeds of $100.0 million.

Both Series A preferred units and Series A-1 preferred units carry an interest of 8% dividend payable quarterly either in cash or paid-in-kind for the first eight quarters at the option of the Company. The Company recorded the paid-in-kind dividends of 1.2 million on Series A-1 preferred units and 1.2 million on Series A preferred units for the six months ended June 30, 2022.

There was no paid-in-kind preferred dividend for the six months ended June 30, 2021.

Liquidity and Capital Resources

Liquidity

As of June 30, 2022, our liquidity consisted of cash and cash equivalents including restricted cash of $100.3 million. The completion of the Business Combination in July resulted in an additional cash infusion of $123.4 million. The Company received the remaining $5 million subscribed for pursuant to the PIPE Investment from one of the PIPE Investors subsequent to the Closing and issued 500,000 shares of Class A common stock. Additionally, we entered into a senior secured credit facility which provides an approximately two year delayed term loan facility (the "***DDTL Facility***") of up to a maximum aggregate principal amount of $100.0 million and Debt Service Reserve facility (the "***DSR Facility***") of up to a maximum aggregate principal amount of $5.0 million. The proceeds of the DDTL Facility are to be used to fund a portion of the construction of the RNG projects owned, either in full or through a joint venture with a third party, by the subsidiary guarantors and the proceeds of DSR Facility are to be used solely to satisfy the balance to be maintained in the debt service reserve account. Please see Note 16, *Subsequent Events*, to Interim Financial Statements included as an exhibit to this Amendment No. 1., for additional information. Additionally, we expect to have an additional $35.0 million available under the OPAL term loan in the second half of 2022 upon the commencement of operations of three additional RNG facilities.

We expect that our available cash following the consummation of the Business Combination and PIPE Investment, together with our other assets, expected cash flows from operations, and available lines of credit under various debt facilities will be sufficient to meet our existing commitments for a period of at least twelve months following the date of this Amendment No. 1. 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. See "*Risk Factors*" and "*Cautionary Statement Regarding Forward-Looking Statements*" set forth in or incorporated by reference into the Original Report.

To fund future growth, we may seek 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, 2022, we had total indebtedness excluding deferred financing costs of $244.1 million in principal amount which primarily consists of $80.1 million under the Senior secured credit facility, $60.8 million under the Convertible note payable, $83.6 million under the OPAL term loan, $174,000 under the Municipality loan and $19.4 million under the 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 Interim Financial Statements included as an exhibit to this Amendment No. 1.

Cash Flows

The following table presents the Company's cash flows for the six months ended June 30, 2022 and 2021.

	Six Months Ended June 30,	
(in thousands)	**2022**	**2021**
Net cash (used in) provided from operating activities	$ (9,438)	$ 16,808
Net cash used in investing activities	(54,298)	(28,752)
Net cash provided from financing activities	121,961	28,278
Net increase in cash, restricted cash, and cash equivalents	$ 58,225	$ 16,334

Net Cash Provided by Operating Activities

Net cash used in operating activities for the six months ended June 30, 2022 was $9.4 million, a decrease of $26.2 million compared to net cash provided of $16.8 million for the six months ended June 30, 2021. The decrease in cash provided by operating activities was primarily attributable to an increase in net operating losses year over year and negative working capital changes.

Net Cash Used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2022 was $54.3 million, an increase of $25.5 million compared to the $28.8 million used in investing activities for the six months ended June 30, 2021. This was primarily driven by more payments made for the construction of various RNG generation and dispensing facilities.

Net Cash Provided by Financing Activities

Net cash provided from financing activities for the six months ended June 30, 2022 was $122.0 million, an increase of $93.7 million compared to the $28.3 million provided from financing activities for the six months ended June 30, 2021. This was primarily driven by issuance of preferred units for total proceeds of $100.0 million, proceeds from the OPAL term loan of $15.0 million, proceeds from the Sunoma loan of $1.0 million, capital contribution from a joint venture of $16.9 million offset by debt repayments of $1.2 million and $6.4 million on the Senior Secured Facility and the OPAL term loan, respectively, and $3.2 million paid as financing costs.

Capital Expenditures

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, 2022, we have budgeted for $368.0 million in capital expenditures for the next 12 months, of which $269.0 million is committed under existing contracts. These expenditures do not include any expected contributions from our joint venture and non-controlling interest partners and primarily relate to our development of new RNG facilities and the purchase of equipment used in our Fueling Station services and Renewable Power operations**.** We plan to fund these expenditures primarily through cash on hand, cash generated from operations, and cash from the Business Combination and PIPE Investment.

Contractual Obligations

The following table presents cash requirements arising from our contractual obligations as of June 30, 2022. For the avoidance of doubt, this excludes cash requirements associated with new financing arrangements executed after June 30, 2022:

(in thousands)	2022	2023-2024	2025 and beyond	Total
Senior secured facility – term loan[1]	$ 72,632	$ —	$ —	$ 72,632
Senior secured facility – working capital facility[1]	7,500	—	—	7,500
Sunoma loan	709	5,293	13,429	19,431
Municipality loan[2]	110	64	—	174
Convertible note payable[3]	—	—	60,820	60,820
OPAL term loan[4]	9,666	38,664	35,226	83,556
Lease commitments[5]	339	1,576	750	2,665
Total	$ 90,956	$ 45,597	$ 110,225	$ 246,778

(1) The debt is due to be fully repaid in December 2022.

(2) The debt payments represent the quarterly amortization payments due to be paid per the terms of the Municipality loan.

(3) Represents the fair value of the convertible note payable as of June 30, 2022 which includes $5.4 million of payment-in-kind interest. In connection with our step acquisition of Beacon in May 2021, we issued Ares a convertible note recorded at a fair value of $55.4 million. The original principal balance of the note was $50.0 million with interest accrued at 8.0% per annum and is convertible into our equity pursuant to qualified events. On July 21, 2022, 50% of the Convertible note payable was converted to equity upon consummation of the Business Combination.

(4) The debt payments represent the quarterly amortization payments due to be paid per the terms of the OPAL term loan.

(5) Lease commitments represent payments due on our office and vehicle leases.

Off-Balance Sheet Arrangements

As of June 30, 2022, we do not have any off-balance sheet arrangements, as defined in Item 303 of Regulation S-K, that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("*GAAP*") requires management to make estimates and assumptions that affect the reported amounts and disclosures in our financial statements.

The significant estimates and assumptions of the Company are residual value of the useful lives of our property, plant and equipment, the fair value of stock-based compensation, the estimated losses on our trade receivables, the fair value of Convertible note payable (as defined below), Asset retirement obligations, contingent payout to non-controlling interest in Central Valley, the impairment assessment of goodwill and the fair value of derivatives. Actual results could differ from those estimates.

The critical accounting policies discussed below are a subset of Note 2, *Summary of Significant Accounting Policies*, to our Interim Financial Statements included as an exhibit to this Amendment No.1. The policies outlined in this section involve a significant level of estimation uncertainty and are reasonably likely to have a material impact on our financial statements.

Revenue Recognition

Renewable Power

We sell Renewable Power produced from LFG fueled power plants to utility companies through our PPAs. Revenue is recognized based on contract specified rates per MWh when delivered to the customer, as this considered to be completion of the performance obligation. Certain PPAs contain a lease element which we account for as operating lease revenue on a straight-line basis over the lease term. 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 component of Renewable Power revenues in the condensed consolidated statement of operations.

Gas — Fuel Purchase Agreements

We own Fueling Stations for use by customers under fuel sale agreements. We bill these customers at an agreed upon price for each gallon sold and recognizes revenue based on the amounts invoiced in according with the "right to invoice" practical expedient. These contracts may contain an embedded lease of the equipment which we account for as operating lease revenue. For some public stations where there is no contract with the customer, we recognize revenue at the point in time that the customer takes control of the fuel.

Interstate Gas Pipeline Delivery

We have agreements with two natural gas producers whereby we are contracted to transport the producers' gas to an agreed delivery point on an interstate gas pipeline via our RNG gathering system. Revenue is recognized over time using the output method which is based on quantity of natural gas transported.

Environmental Attributes.

We generate RECs, RINs, and LCFS credits. These Environmental Attributes are sold to third parties that utilize these credits in order to comply with federal and state requirements. Revenue is recognized at the point in time when the credits are transferred to and accepted by the third party buyer.

Operation and Maintenance

We have operating and maintenance ("***O&M***") agreements in which we are contracted to operate, maintain, and repair landfill site gas collection systems. Revenue is based on the volume of per million British thermal units ("***MMBtu***") of landfill gas collected and the MWhs produced at that site. This revenue is recognized as Renewable Power revenue when landfill gas is collected and Renewable Power is delivered. In addition, we have O&M agreements in which we are contracted to maintain and repair Fueling Stations. Revenue is based on the volumes of GGEs of gas dispensed at the site. This revenue is recognized as Fuel Station Services revenue when the site dispenses volumes.

Construction Type Contracts — Third Party

We have various fixed price contracts for the construction of fueling stations for customers. Revenue from these contracts, including change orders, are recognized over time, with progress measured by the percentage of cost incurred to date to estimated total cost for each contract.

Impairment of Goodwill and Long-Lived Assets

Impairment of Goodwill

When a business is acquired, goodwill is recognized to reflect any future economic benefits that are not separately recognized, such as synergies. For purposes of impairment testing, GAAP requires goodwill to be allocated to reporting unit(s) at the acquisition date and to be tested for impairment at least annually, and in between annual tests whenever events or changes in circumstances indicate that the respective reporting unit's fair value is less than its carrying value. Significant judgment is required when identifying the reporting units for goodwill allocation, during our assessment of relevant events and circumstances for qualitative impairment indicators, and when estimating the undiscounted cash flows of reporting unit(s) for quantitative impairment assessments.

Our goodwill impairment assessment is performed during the fourth quarter of each year or at the time facts or circumstances indicate that a reporting unit's goodwill may be impaired. In conformity with GAAP, we generally first perform a qualitative assessment over whether it is more likely than not that a reporting unit's fair value is less than its carrying value to determine if a quantitative assessment is required. If, after performing the qualitative assessment, we conclude it is more likely than not that the fair value of the reporting unit is less than its carrying value, then a quantitative test is required. Our qualitative assessment includes evaluation of relevant events and circumstances, such as, macroeconomic conditions, industry and market considerations, cost factors, overall performance, and other relevant events.

As part of our quantitative assessment, we estimate a reporting unit's fair value based on the income approach. With this approach, the fair value measurement is based on significant inputs that are not observable in the market and thus the fair value measurement is categorized within Level 3 of the fair value hierarchy. Our assumptions include future cash flow projections, a discount rate range based on the weighted average cost of capital, and a terminal value based on a range of terminal earnings before interest, taxes, depreciation, and amortization.

Impairment of Long-Lived Assets

Our long-lived assets held and used with finite useful lives including plant equipment, buildings, patents, and PPAs are reviewed for impairment whenever events or changes in circumstances indicate that the asset group may not be recoverable. In determining the asset group, we assess the interdependency of revenues between assets, shared cost structures, the interchangeability of assets used in operations, and how assets are managed and utilized by the business. Events that may trigger a recoverability assessment include a significant adverse change in the extent or manner in which the long-lived asset group is being used or in its physical condition, and the expectation that, more likely than not, the long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset group to future net undiscounted cash flows expected to be generated by the asset group. Our cash flow estimates reflect conditions and assumptions that existed as of the measurement date which is the same as the triggering event date. The assets are considered recoverable and an impairment loss is not recognized when the undiscounted net cash flows exceed the net carrying value of the asset group. If the assets are not recoverable, then an impairment loss is recognized to the extent that the carrying value of the asset group exceeds its fair value. We base the fair value of our assets or asset groups off of the estimated discounted future cash flows using market participant assumptions. Assets disposed of are reported at the lower of the carrying amount or fair value less selling costs. Significant judgment is required when determining asset group composition, during our assessment of relevant events and circumstances, when determining an appropriate discount rate, and when estimating the undiscounted and discounted future cash flows of the asset group.

Based on our assessment for the six months ended June 30, 2022, there is no impairment recorded on our Plant, Property and Equipment.

Fair Value Measurements

The objective of a fair value measurement is to estimate the exit price, which is the price that would be received to sell an asset or paid to transfer a liability that the Company holds, in an orderly market transaction at the measurement date. We follow GAAP guidance which establishes a three-tier hierarchy for inputs used in fair value measurements, as well as prioritizes valuation techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs. In summary, level 1 inputs are considered the most observable inputs and are more specifically the unadjusted quoted price for identical assets or liabilities in an active market the Company has access to. Level 2 inputs are considered less observable inputs such as quoted prices for similar assets or liabilities in an active market the Company has access to. Lastly, level 3 inputs are unobservable inputs in which little to no market activity exists for the asset or liability at the measurement date. As such, level 3 estimates are subject to a more significant level of estimation uncertainty. Furthermore, when multiple inputs are used and are categorized in different levels of the input hierarchy, then the fair value measurement in its entirety is categorized in the same level as its lowest level input that is significant to the fair value measurement. Our assessment of the significance of an input to a fair value measurement requires judgment and may affect the fair value measurement's placement in the fair value hierarchy.

Refer to Note 9, *Derivative Financial Instruments and Fair Value Measurements*, to our Interim Financial Statements included as an exhibit to this Amendment No.1, for details on our assets and liabilities regularly recorded at fair value and the respective placements in the fair value hierarchy.

Impact of COVID-19

In response to the COVID-19 pandemic, we instituted a safety committee that oversees our compliance with federal, state, and local government mandates, and ensures that the Company adheres to Centers for Disease Control ("***CDC***") guidelines to maintain safe working conditions for our employees. Some of the protocols we implemented include limiting in-person work to essential personnel and performing temperature checks. Since March 2020, where practicable, our employees have worked remotely and minimized travel and other non-essential contact. Additionally, we are providing our employees with COVID-19 testing at no cost and personal protective equipment for their safety and well-being.

As of the date of Amendment No.1, the COVID-19 pandemic has had a relatively minimal economic impact on our results of operations. In May 2020, we received a $1.8 million PPP loan. At the time we applied for the loan there was considerable uncertainty as to the impact of the pandemic to our operations and the U.S. economy in general. However, as our operations have been designated "essential critical infrastructure work" in the energy sector by the U.S. Department of Homeland Security, we have been able to fully continue our operations. We have not experienced either a decline in our customer base or employee layoffs. In November 2020, the full amount of the PPP loan was forgiven. Aside from the PPP loan, any other impacts to our financial condition have been minimal.

The duration and future economic severity of the COVID-19 remains uncertain, and our results of operations and financial condition could potentially face material adverse effect(s) in the future due to COVID-19. For additional information regarding the possible impact of the COVID-19 pandemic on our business, see the section titled "*Risk Factors*" set forth in or incorporated by reference into the Original Report.

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.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks related to Environmental Attribute pricing, commodity pricing, changes in interest rates and credit risk with our contract counterparties. We currently have no foreign exchange risk and do not hold any derivatives or other financial instruments purely for trading or speculative purposes.

We employ various strategies to economically hedge these market risks, including derivative transactions relating to commodity pricing and interest rates. Any realized or unrealized gains or losses from our derivative transactions are reported within corporate revenue and other income/expense in our consolidated financial statements. For information about our gains or losses with respect to our derivative transactions and the fair value of such financial instruments, see Note 9, *Derivative Financial Instruments and Fair Value Measurements,* to our Interim Financial Statements included as an exhibit to this Amendment No.1.

Commodity Price Risk

The energy markets have been historically very volatile and we expect that the Renewable Power prices to fluctuate in a wide range. In an effort to reduce volatility in our revenues earned from sale of Renewable Power, we entered into certain commodity swap arrangements - the International Swaps and Derivatives Association Agreement ("***ISDA***") entered into in 2019, and an amendment that converted a PPA into a commodity swap contract entered into 2018. In these arrangements, we deliver MWh capacity and receive a variable price based on market conditions. We convert this variable fee to a fixed fee by paying or receiving funds from the counterparty to the commodity swap arrangement based on the difference between the contract fixed price and the market price.

The following table summarizes the commodity swaps in place as of June 30, 2022 and December 31, 2021. There were no new commodity swap contracts entered in the six months ended June 30, 2022.

Trade Date	Period From	Period To	Notional Quantity per Year ("MWh")	Average Contract Price (per MWh)
December 14, 2018	January 1, 2019	September 30, 2022	34,554	$ 66.12
October 28, 2021	November 1, 2021	December 31, 2022	30,660	$ 48.75
December 27, 2021	January 1, 2022	December 31, 2022	26,280	$ 50.75

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to changes in pricing of MWh, Based on our analysis, which may differ from actual results, a hypothetical 10% increase or decrease in the pricing of MWh in this market would not have a material adverse impact on our financial condition, or results of operations for June 30, 2022 and December 31, 2021. For more information about our commodity swap agreements, see Note 9, *Derivative Financial Instruments and Fair Value Measurements*, to our Interim Financial Statements included as an exhibit to this Amendment No.1.

Environmental Attribute Pricing Risk

Market prices for Environmental Attributes associated with our RNG and Renewable Power vary based on regulatory mandates and commercial interest in green energy products. We generally sell Environmental Attributes under a mix of short-term and sales arrangements in which pricing is tied to the market rate for these attributes at the time of delivery. To manage this market risk, we negotiate long-term biogas feedstock arrangements in which payments are based on the market price of Environmental Attributes and/or natural gas and electricity commodity prices. Reductions in the market prices of Environmental Attributes may have a material adverse effect on our revenues, but also generally reduce our expenses for biogas feedstock.

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to RIN prices. Our analysis, which may differ from actual results, was based on a 2022 estimated D3 RIN Index price of approximately $2.73 and our actual 2021 RINs sold. The estimated annual impact of a hypothetical 10% decrease in the average realized price per RIN would have a negative effect on our operating profit of approximately$7.3 million for the six months ended June 30, 2022.

Interest Rate Risk

To maintain our liquidity we utilize an existing term loan facility, an existing working capital facility, and an existing line of credit, which bear a variable interest rate based on the LIBOR Margin or Base Rate Margin (in each case, as those terms are defined in the relevant credit agreement). We use an interest rate swap to set the variable interest rates under the term loan facility at a fixed interest rate to manage our interest rate risk.

As of June 30, 2022, we had $80.1 million aggregate outstanding under the Senior secured facility. Our weighted average interest rate on variable debt was approximately 4.25%. We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to changes in interest rates. Based on our analysis, which may differ from actual results, a hypothetical increase in our effective borrowing rate of 10% would not have a material effect on our annual interest expenses and consolidated financial statements.

Counterparty Credit Risk

We have certain financial and derivative instruments that subject us to credit risk. These consist of our interest rate swaps and Environmental Attribute forward sales. We are exposed to credit losses in the event of non-performance by the counterparties to our financial and derivative instruments. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. We seek to mitigate counterparty risk by having a diversified portfolio of counterparties and the evaluation and monitoring of the creditworthiness of counterparties. Although we may be exposed to losses in the event of nonperformance by counterparties, we do not expect such losses, if any, to be significant.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Capitalized terms included below but not defined in this Exhibit 99.3 have the same meaning as terms defined and included elsewhere in the Current Report on Form 8-K (the "Original Report") filed with the Securities and Exchange Commission (the "Commission") on July 27, 2022 (as amended by this Current Report on Form 8-K/A) and, if not defined in the Original Report (as amended by this Current Report on Form 8-K/A), the final prospectus and definitive proxy statement (the "Proxy Statement/Prospectus") filed with the Commission on June 27, 2022. Unless the context otherwise requires, the "Company," "we," "us," or "our" refers to OPAL Fuels Inc. and its subsidiaries after giving effect to the Closing.

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of SEC Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses" to aid you in your analysis of the financial aspects of the Transactions (as defined below) and is for informational purposes only. The unaudited pro forma condensed combined financial information presents the pro forma effects of the following transactions, collectively referred to as the "***Transactions***" for purposes of this section, and other related events as described in Note 1 to the accompanying Notes to the unaudited pro forma condensed combined financial information:

- The combination of Opal Fuels LLC ("***Opco***") and ArcLight Clean Transition Corp II ("***ArcLight***"), referred to herein as the "***Business Combination***", including the other events contemplated by the Business Combination Agreement;

- The NextEra Subscription Agreement with Mendocino Capital, LLC, a Delaware limited liability company ("***NextEra***"), pursuant to which NextEra purchased 1,000,000 Opco Series A Preferred Units (the "***NextEra Subscription***") as of June 30, 2022; and

- The acquisition of Beacon RNG LLC ("***Beacon***") by Opco in May of 2021 (the "***Beacon Transaction***").

The unaudited pro forma condensed combined balance sheet of Opco as of June 30, 2022 combines the historical unaudited condensed consolidated balance sheet of Opco as of June 30, 2022 and the historical unaudited condensed balance sheet of ArcLight as of June 30, 2022, adjusted to give pro forma effect to the Business Combination, the PIPE Investment and certain other events related to the Business Combination between Opco and ArcLight, in each case, as if the Business Combination, PIPE Investment, and other events had been consummated on June 30, 2022. The Beacon Transaction was consummated on May 1, 2021 and, accordingly, activity relating to Beacon is reflected within the unaudited condensed consolidated balance sheet of Opco as of June 30, 2022.

The unaudited pro forma condensed combined statement of operations of Opco for the six months ended June 30, 2022 combines the historical unaudited condensed consolidated statement of operations of Opco for the six months ended June 30, 2022, and the historical unaudited condensed statement of operations of ArcLight for the six months ended June 30, 2022, on a pro forma basis as if the Business Combination, the PIPE Investment and other related events contemplated by the Business Combination Agreement, the NextEra Subscription as described below and in the accompanying notes to the unaudited pro forma condensed combined financial statements, had been consummated on January 1, 2021.

The unaudited pro forma condensed combined statement of operations of Opco for the year ended December 31, 2021 combines the historical audited consolidated statement of operations of Opco for the year ended December 31, 2021, the historical audited consolidated statement of operations of ArcLight for the period from January 13, 2021 (inception) through December 31, 2021, and the historical audited statement of operations of Beacon for the four-month period ended April 30, 2021, on a pro forma basis as if the Business Combination, the PIPE Investment and other related events contemplated by the Business Combination Agreement, the NextEra Subscription as described below and in the accompanying notes to the unaudited pro forma condensed combined financial statements, had been consummated on January 1, 2021.

The unaudited pro forma condensed combined balance sheet does not purport to represent, and is not necessarily indicative of, what the actual financial condition of the Combined Company (as defined in Note 1 below) would have been had the Transactions taken place as of June 30, 2022, nor is it indicative of the financial condition of the Combined Company as of any future date. The unaudited pro forma condensed combined financial information is for illustrative purposes only and is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination and the PIPE Transaction taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the Combined Company. The unaudited pro forma condensed combined financial information is subject to several uncertainties and assumptions as described in the accompanying notes.

The unaudited pro forma condensed combined financial information should be read in conjunction with:

- The accompanying Notes to the unaudited pro forma condensed combined financial statements;
- The historical unaudited condensed financial statements of ArcLight, as of, and for the six months ended June 30, 2022, included in the Company's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2022, and incorporated herein by reference and the historical audited financial statements of ArcLight as of and for the period from January 13, 2021 (inception) through December 31, 2021 included in the Proxy Statement/Prospectus and incorporated herein by reference;
- The historical unaudited condensed consolidated financial statements of Opco, as of, and for the six months ended June 30, 2022 which are included as an exhibit to this Form 8-K/A and incorporated herein by reference, and the historical audited consolidated financial statements of Opco as of and for the year ended December 31, 2021, included in the Proxy Statement/Prospectus and incorporated herein by reference;
- The historical audited consolidated financial statements of Beacon, as of, and for the four months ended April 30, 2021, included in the Proxy Statement/Prospectus and incorporated herein by reference; and
- The section titled *"Management's Discussion and Analysis of Financial Condition and Results of Operations,"* included as an exhibit to this Form 8-K/A and incorporated herein by reference.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2022
(in thousands)

	Historical			Transaction Accounting Adjustments (Note 6)		Pro Forma Combined
	OPAL Fuels	ArcLight (Note 4)				
Assets						
Current Assets						
Cash and cash equivalents	$ 97,091	$ 219	4a	$ 110,806	6b	$ 235,661
				311,616	6a	
				(9,259)	6e	
				(274,187)	6i	
				(625)	6l	
Accounts receivable, net	24,781	-		-		24,781
Fuel tax credits receivable	1,136	-		-		1,136
Contract assets	15,589	-		-		15,589
Parts inventory	8,398	-		-		8,398
Note receivable	9,518	-		-		9,518
Environmental credits held for sale	646	-		-		646
Prepaid expense and other current assets	5,810	546	4b	-		6,356
Total current assets	**162,969**	**765**		**138,351**		**302,085**
Capital spares	3,066	-		-		3,066
Property, plant, and equipment, net	229,411	-		-		229,411
Investment in other entities	47,113	-		-		47,113
Note receivable - variable fee component	1,792	-		-		1,792
Investments held in Trust Account	-	311,616		(311,616)	6a	-
Deferred financing costs	7,143	-		(6,443)	6e	700
Intangible assets, net	2,463	-		-		2,463
Restricted cash	3,188	-		-		3,188
Goodwill	54,608	-		-		54,608
Deferred tax assets	-	-		-	6j	-
Other long-term assets	489	-		-		489
Total assets	**512,242**	**312,381**		**(179,708)**		**644,915**
Liabilities and Equity						
Current liabilities						
Accounts payable	7,676	69		-		7,745
Accounts payable, related party	1,141	5		-		1,146
Fuel tax credits payable	683	-		-		683
Accrued payroll	4,410	-		-		4,410
Accrued expenses and other current liabilities	12,803	6,222	4c	(1,400)	6e	15,582
				(6,243)	6e	
				4,200	6e	
Accrued capital expenses	18,263	-		-		18,263
Contract liabilities	7,159	-		-		7,159
Sunoma loan, current portion	1,418	-		-		1,418
Senior secured credit facility - term loan, current portion, net of debt issuance costs	72,396	-		-		72,396
Senior secured credit facility - working capital facility, current portion	7,500	-		-		7,500
OPAL term loan, current portion	19,332	-		-		19,332
Municipality loan - current portion	174	-		-		174
Derivative financial liability, current portion	592	-		5,000	6l	5,592
Asset retirement obligation, current portion	1,586	-		-		1,586
Other current liabilities	625	-		-		625
Total current liabilities	**155,758**	**6,296**		**1,557**		**163,611**
Asset retirement obligation, non-current portion	4,301	-		-		4,301
Convertible note payable	60,820	-		(30,410)	6d	30,410
Sunoma loan, net of debt issuance costs	17,469	-		-		17,469
Opal Term Loan	62,013	-		-		62,013
Derivative warrant liabilities	-	16,219		-		16,219
Tax receivable agreement liability	-	-		-	6j	-
Earnout liability	-	-		51,900	6k	51,900
Other long-term liabilities	4,962	-		-		4,962
Total liabilities	**305,323**	**22,515**		**23,047**		**350,885**

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2022 — (Continued)
(in thousands)

	Historical		Transaction Accounting Adjustments (Note 6)		Pro Forma Combined
	Opco	ArcLight (Note 4)			
Class A ordinary shares subject to possible redemption; 31,116,305 shares at redemption value of $10.00	-	311,516	(311,516)	6f	-
Redeemable preferred units					
Series A preferred units	101,228	-	(101,228)	6c	-
Series A-1 preferred units	31,417	-	(31,417)	6c	-
Redeemable preferred noncontrolling interest	-	-	101,228	6c	132,645
			31,417	6c	
Redeemable noncontrolling interest			56,636	6h	136,553
			(3,585)	6e	
			83,503	6h	
Equity					
Common units	47,681	-	(47,681)	6h	-
			-	6g	
Preference shares, $0.0001 par value; 5,000,000 shares authorized; none issued and outstanding	-	-	-		-
Class A ordinary shares, $0.0001 par value; 500,000,000 shares authorized (excluding 31,116,305 shares subject to possible redemption)	-	-	-	6f	-
Class B ordinary shares, $0.0001 par value; 50,000,000 shares authorized; 7,779,076 shares issued and outstanding	-	1	(1)	6f	-
New OPAL Class A common stock	-	-	4	6g	6
			1	6b	
			-	6d	
			4	6f	
			(3)	6i	
New OPAL Class B common stock	-	-	-	6g	-
New OPAL Class D common stock	-	-	15	6g	15
Additional paid-in capital	-	-	(19)	6g	7,788
			110,805	6b	
			30,410	6d	
			311,513	6f	
			(51,900)	6k	
			(21,651)	6g	
			(1,616)	6e	
			(6,443)	6e	
			(274,184)	6i	
			(83,503)	6h	
			(5,625)	6l	
			-	6m	
Retained earnings (accumulated deficit)	8,955	(21,651)	21,651	6g	(615)
			(8,955)	6h	
			(615)	6e	
Non-controlling interest in subsidiaries	17,638	-	-		17,638
Total equity	**74,274**	**(21,650)**	**(27,793)**		**24,831**
Total liabilities and equity	**$ 512,242**	**$ 312,381**	**$ (179,708)**		**$ 644,915**

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(in thousands, except share and per share amounts)

	Historical			Transaction Accounting Adjustments (Note 7)		Pro Forma Combined
	Opco	ArcLight (Note 4)				
Revenues						
RNG fuel	$ 50,815	$ -		-		$ 50,815
Renewable power	19,152	-		-		19,152
Fuel station services	32,297	-		-		32,297
Total revenues	102,264	-		-		102,264
Operating expenses						
Cost of sales - RNG fuel	30,884	-		-		30,884
Cost of sales - Renewable power	15,948	-		-		15,948
Cost of sales - Fuel station services	28,757	-		-		28,757
Selling, general and administrative	18,810	3,125	4d	-		21,935
Depreciation, amortization, and accretion	6,558	-		-		6,558
Total expenses	**100,957**	**3,125**		-		**104,082**
Operating income (loss)	**1,307**	**(3,125)**		-		**(1,818)**
Other income (expense)						
Interest and financing expense, net	(6,408)	440	4e	(440)	7c	(6,408)
Realized and unrealized gain on interest rate swaps, net	328	-		-		328
Change in fair value of derivative warrant liabilities	-	9,577		-		9,577
Loss from equity method investments	(36)	-		-		(36)
Gain on settlement of underwriting fees	-	280		-		280
Income before provision for income taxes	**(4,809)**	**7,172**		**(440)**		**1,923**
(Provision for) Benefit from income taxes				-	7a	-
Net (loss) income	**(4,809)**	**7,172**		**(440)**		**1,923**
Paid in kind preferred dividend	2,435	-		2,772	7b	5,207
Net loss attributable to redeemable noncontrolling interest	-	-		(8,124)	7b	(8,124)
Net loss attributable to noncontrolling interest	(499)	-		-		(499)
Net (loss) income attributable to Stockholders	**$ (6,745)**	**$ 7,172**		**$ 4,912**		**$ 5,339**
Weighted average common units outstanding, basic and diluted	1,000					
Basic and diluted net loss per common unit, basic and diluted	$ (6,745)					
Weighted average shares outstanding of Class A common stock, basic and diluted		31,116,305				
Basic and diluted net income per ordinary share		$ 0.18				
Weighted average shares outstanding of Class B common stock, basic and diluted		7,779,076				
Basic and diluted net income per ordinary share		$ 0.18				
Weighted average shares outstanding of New OPAL Class A common stock – basic and diluted						24,757,483
Pro forma net income per share attributable to New OPAL Class A common stockholders - basic and diluted						$ 0.22

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(in thousands, except share and per share amounts)

	Historical										
	Opco	**Beacon (Note 5)**		**Beacon Pro Forma Adjustments (Note 7)**		**Pro Forma Combined OPAL Fuels and Beacon**	**Historical ArcLight (Note 4)**		**Transaction Accounting Adjustments (Note 7)**		**Pro Forma Combined**
Revenues											
RNG fuel	$ 70,360	$ 13,312	5a	$ -		83,672	$ -		$ -		$ 83,672
Renewable power	45,324	-		-		45,324	-		-		45,324
Fuel station services	50,440	-		-		50,440	-		-		50,440
Total revenues	166,124	13,312		-		179,436	-		-		179,436
Operating expenses											
Cost of sales - RNG fuel	41,075	6,397	5b	-		47,472	-		-		47,472
Cost of sales - Renewable power	31,152	-		-		31,152	-		-		31,152
Cost of sales - Fuel station services	42,838	-		-		42,838	-		-		42,838
Environmental credit processing services	-	1,134		(1,134)	5e	-	-		-		-
Selling, general and administrative	29,380	456	5c	-		29,836	4,945	4f	4,200	7h	38,981
Depreciation, amortization, and accretion	10,653	1,060	5d	(300)	7d	11,413	-		-		11,413
Total expenses	**155,098**	**9,047**		**(1,434)**		**162,711**	**4,945**		**4,200**		**171,856**
Operating income	**11,026**	**4,265**		**1,434**		**16,725**	**(4,945)**		**(4,200)**		**7,580**
Other income (expense)											
Interest and financing expense, net	(7,467)	-		-		(7,467)	(450)	4g	(13)	7g	(7,930)
Realized and unrealized loss on derivative financial instruments, net	99	-		-		99	-		-		99
Change in fair value of derivative warrant liabilities	-	-		-		-	(10,800)		-		(10,800)
Income from equity method investments	2,268	-		(2,392)	7d	(124)	-		-		(124)
Gain on acquisition of equity method investment	19,818	-		-		19,818	-		-		19,818
Gain on deconsolidation of VIEs	15,025	-		-		15,025	-		-		15,025
Other income	-	1,134		(1,134)	5e	-	-		-		-
Income before provision for income taxes	**40,769**	**5,399**		**(2,092)**		**44,076**	**(16,195)**		**(4,213)**		**23,668**
(Provision for) Benefit from income taxes	-	-		-		-	-		-	7e	-
Net income (loss)	**40,769**	**5,399**		**(2,092)**		**44,076**	**(16,195)**		**(4,213)**		**23,668**
Paid in kind preferred dividend	210	-		-		210	-		8,000	7f	8,210
Net income (loss) attributable to redeemable noncontrolling interest	-	-		-		-	-		27,718	7f	27,718
Net income (loss) attributable to noncontrolling interest	(804)	-		-		(804)	-		-		(804)
Net income (loss) attributable to Stockholders	**$ 41,363**	**$ 5,399**		**$ (2,092)**		**$ 44,670**	**$ (16,195)**		**$ (39,931)**		**$ (11,456)**
Weighted average common units outstanding, basic and diluted	987										
Basic and diluted net income per common unit, basic and diluted	$ 41,908										
Weighted average shares outstanding of Class A common stock, basic and diluted							25,360,688				
Basic and diluted net loss per ordinary share							$ (0.49)				
Weighted average shares outstanding of Class B common stock, basic and diluted							7,611,848				
Basic and diluted net loss per ordinary share							$ (0.49)				
Weighted average shares outstanding of New OPAL Class A common stock – basic and diluted											24,757,483
Pro forma net loss per share attributable to New OPAL Class A common stockholders - basic and diluted											$ (0.46)

Note 1 — Description of the Transactions

Business Combination

Pursuant to the Business Combination Agreement, on July 21, 2022 ArcLight changed its jurisdiction of incorporation by deregistering as a Cayman Islands exempted company and continuing and domesticating as a corporation incorporated under the laws of the State of Delaware (the "***Domestication***"). Following the Domestication, on July 21, 2022, ArcLight changed its name to "OPAL Fuels Inc." (which is referred to herein as "***New OPAL***") and each outstanding ArcLight Class B ordinary share converted into one ArcLight Class A ordinary share, each outstanding ArcLight Class A ordinary share became one share of Class A common stock of New OPAL, par value $0.0001 per share (the "***New OPAL Class A common stock***"), and each outstanding warrant to purchase one ArcLight Class A ordinary share became a warrant to purchase one share of New OPAL Class A common stock at an exercise price of $11.50 per share.

Following the consummation of the Business Combination on July 21, 2022, the Combined Company ("***Combined Company***" refers to New OPAL and its subsidiaries, including Opco, following consummation of the Business Combinations) is organized in an "Up-C" structure. New OPAL is the managing member of Opco. Opco directly or indirectly holds substantially all of the consolidated assets and business of New OPAL.

In connection with consummation of the Business Combination, the events summarized below, among others, occurred:

- At the Closing, Opal HoldCo LLC ("***OPAL Holdco***") and Opco caused Opco's existing limited liability company agreement to be amended and restated to, among other things, admit New OPAL as a member of Opco and to re-classify Opco's existing limited liability company membership interests into Class B Units of Opco, calculated as a function of the pre-transaction equity value for Opco equal to $1,501,870,000, less all principal and accrued interest outstanding immediately after the Closing pursuant to certain convertible promissory note, dated as of May 1, 2021 (as amended, including that certain First Amendment to Convertible Note, dated November 29, 2021), held by ARCC Beacon LLC ("***Ares***");

- At the Closing, ArcLight (i) contributed to Opco $128,362,579 in cash, representing the sum of cash in the Trust Account as of immediately prior to the Closing (after giving effect to the ACT Share Redemptions from the Trust Account and the set aside of funds in escrow to support a forward purchase agreement (described further below)) plus the aggregate proceeds of the PIPE Investment received as of the Closing and (ii) issued to Opco 144,399,037 shares of Class D common stock of New OPAL, par value $0.0001 per share ("***New OPAL Class D common stock***") (which it in turn distributed to OPAL Holdco and Hillman), and (iii) issued 3,059,533 shares of New OPAL Class A common stock to Ares, collectively, in exchange for a number of Class A Units of Opco equal to the 25,171,390 shares of New OPAL Class A common stock issued and outstanding.

In connection with entering into the Business Combination Agreement, ArcLight entered into the Subscription Agreements with the PIPE Investors, pursuant to which, among other things, in connection with the consummation of the Business Combination, the PIPE Investors party thereto purchased an aggregate of 11,080,600 shares of New OPAL Class A common stock at a cash purchase price of $10.00 per share, resulting in aggregate proceeds of $110.8 million from the PIPE Investment ($105.8 million of which was received as of the Closing and $5.0 million of which was received subsequent to the Closing).

Other related events that have taken place in connection with the Business Combination are summarized below:

- Immediately prior to the execution of the Business Combination Agreement, Opco entered into the Hillman Exchange Agreement with Hillman RNG Investments LLC ("***Hillman***"), pursuant to which Hillman has exchanged all of its equity interests in Opco's subsidiaries for 300,000 Opco Series A-1 Preferred Units and 14 Pre-Closing Company Common Units. This transaction was consummated in November 2021, and has been reflected in the historical audited consolidated balance sheet as of December 31, 2021;

- Immediately prior to the execution of the Business Combination Agreement, the Company entered into the NextEra Subscription Agreement with Mendocino Capital, LLC, a Delaware limited liability company ("***NextEra***"), pursuant to which NextEra agreed to subscribe for up to an aggregate amount of 1,000,000 Company Series A Preferred Units. The Company had drawn $100.0 million as of June 30, 2022, issuing 1,000,000 Series A Preferred Units as of such date;

- Immediately prior to the execution of the Business Combination Agreement, Opco entered into that certain First Amendment to Convertible Note, dated November 29, 2021 (the "***Ares First Amendment***"), with Ares, pursuant to which Ares irrevocably agreed to exercise its right to convert fifty percent (50%) of the principal and accrued interest outstanding pursuant to the Ares Note into pre-Closing Opco common units; On July 21, 2022, Ares elected to receive New OPAL Class A common stock in lieu of pre-Closing Opco common units.

- Pursuant to the terms of the Sponsor Letter Agreement entered into on December 2, 2021 among ArcLight, ArcLight CTC Holdings II, L.P. ("***Sponsor***"), Opco and certain other persons concurrently with the execution of the Business Combination Agreement (the "***Sponsor Letter Agreement***"), the Sponsor agreed to subject 10% of its New OPAL 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 New OPAL Class A common stock sustained over a period of 60 months following the Closing ("***Sponsor Earnout Awards***"). For more information, see the section titled *"The Business Combination Agreement — Sponsor Letter Agreement"* beginning on page 147 of the Proxy Statement/Prospectus and incorporated herein by reference.

- Effective immediately after the Closing, and upon the date on which New OPAL's annual EBITDA for the calendar year 2023 exceeds $238.0 million (the "***First Earnout Triggering Event***"), (i) New OPAL will issue to Opco Common Equity holders (the "***Earnout Participants***") an aggregate of 5,000,000 shares of New OPAL Class B common stock and New OPAL Class D common stock and corresponding OPAL Common Units (collectively, the "***First Earnout Tranche***") in accordance with the allocations set forth in the Business Combination Agreement. Additionally, upon the date on which New OPAL's annual EBITDA for the calendar year 2024 exceeds $446.0 million (the "***Second Earnout Triggering Event***"), (i) New OPAL will issue to the Earnout Participants an aggregate of 5,000,000 additional shares of New OPAL Class B common stock and New OPAL Class D common stock and corresponding OPAL Common Units (collectively, the "***Second Earnout Tranche***") in accordance with the allocations set forth in the Business Combination Agreement ("***OPAL Earnout Awards***").

- Pursuant to a forward share purchase agreement (the "Forward Purchase Agreement") entered into between ArcLight and Meteora Capital Partners and its affiliates (collectively, "***Meteora***"), prior to the closing of the Business Combination Meteora purchased 2,000,000 Class A ordinary shares of ArcLight from shareholders which had previously tendered such shares for redemption but agreed to reverse their redemption and sell such shares to Meteora at the redemption price, resulting in Meteora holding a total of 2,000,000 Class A ordinary shares, which Meteora agreed not to redeem in connection with the Business Combination. Additionally, ArcLight placed $20,040,000 in escrow at the closing of the Business Combination to secure its obligation to repurchase these 2,000,000 shares at Meteora's option for a price of $10.02 per share on the date that is six months after Closing of the Business Combination.

- Pursuant to a July 21, 2022 agreement between Encompass Capital Advisors LLC ("***Encompass***") and the Sponsor, prior to the closing of the Business Combination, certain fund entities and managed accounts for which Encompass exercises investment discretion purchased 1,320,849 Class A ordinary shares of Arclight, in the aggregate, from shareholders that had previously tendered such shares for redemption but agreed to reverse their redemption and sell such shares to Encompass, resulting in Encompass' beneficial ownership of a total of 1,320,849 Class A ordinary shares, which Encompass agreed not to redeem in connection with the Business Combination. Additionally, the Sponsor agreed to transfer to Encompass for no consideration, 1,985,236 of the Sponsor's private placement warrants, which warrants are subject to a 9.9% beneficial ownership limitation on exercise.

- Additionally, in connection with the Closing, Opco and Sponsor entered into a letter agreement (the "***Sponsor Side Letter***") whereby Sponsor agreed to transfer, pledge or forfeit up to 150,000 shares of New OPAL Class A common stock held by Sponsor for the benefit of a third party non-affiliate of the Company where no consideration is received by Sponsor in respect thereof, upon and in accordance with the written direction of Opco. Pursuant to such letter agreement, Sponsor further agreed that if the Company were to receive less than $6,800,000 in cash upon the release of the escrow fund established pursuant to the Forward Purchase Agreement (such shortfall amount being referred to as the "***Shortfall Amount***"), Sponsor shall transfer, pledge or forfeit up to an additional 102,000 of the Sponsor Earnout Awards (shares of New OPAL Class A common stock subject to vesting conditions noted above), with such maximum number of shares pro-rated on a directly proportionate basis based on the size of the Shortfall Amount relative to $6,800,000.

Upon the completion of the Business Combination, New OPAL entered into the Tax Receivable Agreement with OPAL Holdco and Hillman (such persons, and any other persons that from time to time become a party to such agreement, collectively, the "***TRA Participants***"), pursuant to which New OPAL generally will be required to pay to the TRA Participants, in the aggregate, 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that New OPAL actually realizes as a result of (i) increases to the tax basis of Opco's assets resulting from future redemptions or exchanges of OPAL Units (together with voting shares of New OPAL Common Stock) for shares of New OPAL Class A common stock or New OPAL Class C common stock, as applicable, or cash, (ii) tax benefits related to imputed interest, and (iii) tax attributes resulting from payments made under the Tax Receivable Agreement. The payment obligations under the Tax Receivable Agreement are New OPAL's obligations and not obligations of Opco. For more information about the Tax Receivable Agreement, see the section titled "*The Business Combination — Related Agreements — Tax Receivable Agreement*" beginning on page 144 of the Proxy Statement/Prospectus and incorporated herein by reference.

In May 2022, ArcLight's and Opco's Advisors resigned and withdrew from their engagements in connection with the Business Combination. Please see "*Summary — Recent Developments*," beginning on page 42 of the Proxy Statement/Prospectus and incorporated herein by reference, for a description of the potential impacts of such resignation on the Business Combination and Note 6 to this unaudited pro forma condensed combined financial information.

Beacon Transaction

On June 30, 2021, Opco and Ares signed the Exchange Agreement (the "***Exchange Agreement***") which outlines terms that were substantially agreed to on April 30, 2021. Pursuant to the Exchange Agreement, Opco issued an unsecured convertible promissory note (the "***Convertible Note***") in return for Ares' assignment of its 58% Class B units in Beacon JV to Opco (the "***Assignment Agreement***"). The transfer date of the aforementioned consideration was set to May 1, 2021. As agreed to on April 30, 2021, Opco obtained unilateral control over Beacon JV on May 1, 2021.

Note 2 — Basis of Presentation

The unaudited pro forma condensed combined financial statements were prepared in accordance with Article 11 of SEC Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses." Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("***Transaction Accounting Adjustments***") and present the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur ("***Management's Adjustments***"). Only Transaction Accounting Adjustments are presented in the unaudited pro forma condensed combined financial information and the notes thereto. The adjustments presented in the unaudited pro forma condensed combined financial statements have been identified and presented to provide relevant information necessary for an understanding of the Combined Company following consummation of the Transactions.

The unaudited pro forma condensed combined financial information is subject to several uncertainties and assumptions as described herein. The combined financial information presents the pro forma effects of the Business Combination and other events as described in Note 1.

Management has made significant estimates and assumptions in its determination of the Transaction Accounting Adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The Transaction Accounting Adjustments reflecting the consummation of the Transactions are based on certain currently available information and certain assumptions and methodologies that ArcLight believes are reasonable under the circumstances. The Transaction Accounting Adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the Transaction Accounting Adjustments, and it is possible the difference may be material. New OPAL believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Transactions based on information available to management at this time and that the Transaction Accounting Adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Transactions. ArcLight has not had any historical relationship with Opco prior to the Business Combination. Accordingly, no Transaction Accounting Adjustments were required to eliminate activities between the companies.

	Class of New OPAL Common Stock (2)	Pro forma Combined (Shares)	% Ownership
ArcLight Public Shareholders	Class A	3,752,181	2.2%
Sponsor Shareholders (1)	Class A	7,779,076	4.6%
PIPE Investors	Class A	11,080,600	6.5%
Ares	Class A	3,059,533	1.8%
Opco Common Equityholders		144,399,037	84.9%
Hillman	Class D	2,021,587	1.2%
OPAL HoldCo	Class D	142,377,450	83.7%
Pro forma common stock at Closing		170,070,427	100.0%

(1) Includes 763,907 of New OPAL Class A common stock held directly by the Sponsor that are legally issued and outstanding, and subject to forfeiture pursuant to the Sponsor Letter Agreement dated December 2, 2021, and an additional 150,000 of New OPAL Class A common stock held directly by the Sponsor that are subject to forfeiture pursuant to the Sponsor Side Letter.

(2) Please refer to the section titled "“*Description of New OPAL’s Capital Stock*” beginning on page 296 of the Proxy Statement/Prospectus.

Note 3 — Accounting for the Transactions

Business Combination

The Business Combination is a common control transaction accounted for similar to a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. OPAL HoldCo held a controlling financial interest in Opco prior to the closing date. At transaction close, OPAL HoldCo obtained a controlling financial interest in New OPAL and indirectly retained control over Opco through New OPAL. OPAL HoldCo did not relinquish control over Opco during the transaction, instead it affected a transfer of a controlled subsidiary (i.e., Opco) to a newly-controlled subsidiary (i.e., New OPAL) in exchange for issuing Class A common units of Opco for the net assets of New OPAL. As there was no change in control, Opco has been determined to be the accounting acquirer. Under this method of accounting, ArcLight is treated as the “acquired” company for financial reporting purposes. Accordingly, for accounting purposes, the transaction is treated as the equivalent of Opco issuing stock for the net assets of ArcLight, accompanied by a recapitalization. The net assets of ArcLight are stated at historical cost, with no goodwill or other intangible assets recorded.

Earnout

Sponsor Earnout Awards

Sponsor Earnout Awards will be classified as a liability as their settlement terms contain certain variables that preclude them from being considered indexed to New OPAL’s common stock under the “fixed-for-fixed” requirement in ASC 815-40. The estimated fair value of the Sponsor Earnout Awards liability is approximately $5.9 million.

The fair value of Sponsor Earnout Awards was determined using a Monte Carlo valuation model with a distribution of potential outcomes on a daily basis over the 5-year post-close period, and incorporating the most reliable information available as of the June 30, 2022 valuation date. Assumptions used in the valuation are as follows:

- Current stock price — The ArcLight closing stock price of $9.95 as of June 30, 2022;
- Expected volatility — The volatility rate was determined 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 — The risk-free interest rate is 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 five-year term of the earnout period;

- Expected term — The expected term is the 5 years following the closing; and

- Expected dividend yield — The expected dividend yield is zero, as we do not anticipate distributing dividends on the common stock in the expected term.

The fair value of Sponsor Earnout Awards has been recorded in the unaudited pro forma condensed combined balance sheet. See Note 6(k). Topic 815 provides guidance that changes in the fair value of the Sponsor Earnout Awards liability in future periods will be recognized in the statement of operations.

OPAL Earnout Awards

OPAL Earnout Awards will be classified as a liability under Topic 480 because they are considered indexed to an obligation to repurchase shares by delivering cash or other assets as a result of certain settlement provisions. OPAL Earnout Awards are a possible exception to this accounting treatment as Ares elected to receive New Opal Class A common stock in lieu of pre-Closing Opco common units. The accounting conclusion regarding the classification of the OPAL Earnout Awards is still under evaluation, and for purposes of the unaudited condensed combined pro forma information these awards are presented as liability classified on a preliminary basis. The estimated fair value of the OPAL Earnout Awards liability is approximately $46.0 million.

The fair value of OPAL Earnout Awards was determined using a Monte Carlo valuation model with a distribution of potential outcomes for stock price and EBITDA over the 2-year period commencing on January 1, 2023 and ending on December 31, 2024, and incorporating the most reliable information available as of the June 30, 2022 valuation date. Assumptions used in the valuation are as follows:

- Current stock price — The ArcLight closing stock price of $9.95 as of June 30, 2022;

- Weighted average cost of capital (“***WACC***”) — The WACC reflected a derived cost of capital informed by research on cost of capital of a selection of comparable public companies;

- Expected volatility — The volatility rate was determined by using an average of historical volatilities of selected industry peers deemed to be comparable to our business corresponding to the expected term of the awards;

- Risk-free interest rate — The risk-free interest rate is 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 five-year term of the earnout period;

- Expected term — The expected term is the 2 years earnout period;

- Expected dividend yield — The expected dividend yield is zero, as we do not anticipate distributing dividends on the common stock in the expected term; and

- EBITDA forecast internally derived by Opco for the earnout period.

The fair value of the OPAL Earnout Awards has been recorded in the unaudited pro forma condensed combined balance sheet. See Note 6(k). Topic 480 provides guidance that changes in the fair value of the OPAL Earnout Awards liability in future periods will be recognized in the statement of operations.

Forward Purchase Agreement

The put option written to Meteora on 2,000,000 Class A common stock under the Forward Purchase Agreement is presented as a liability based on the company’s preliminary accounting analysis under ASC 480. The estimated fair value of the Forward Purchase Agreement liability is approximately $5.0 million.

The fair value of the Forward Purchase Agreement liability was determined using a Monte Carlo valuation model with a distribution of potential outcomes on a daily basis over the 6-month post-close period, and incorporating the most reliable information available as of the June 30, 2022 valuation date Assumptions used in the valuation are as follows:

- Current stock price — The ArcLight closing stock price of $9.95 as of June 30, 2022;

- Expected volatility — The volatility rate was determined based on historical and implied volatilities of selected industry peers deemed to be comparable to our business corresponding to the expected term of the option;

- Risk-free interest rate — The risk-free interest rate is 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 five-year term of the earnout period;

- Expected term — The expected term is the 6 months following the closing; and

- Expected dividend yield — The expected dividend yield is zero, as we do not anticipate distributing dividends on the common stock in the expected term.

The fair value of the Forward Purchase Agreement liability has been recorded in the unaudited pro forma condensed combined balance sheet. See Note 6(l). Topic 480 provides guidance that changes in the fair value of the Forward Purchase Agreement liability in future periods will be recognized in the statement of operations.

Beacon Transaction

The acquisition of Beacon has been treated as a business combination and has been accounted for using the acquisition method. OPAL has recorded the fair value of assets and liabilities acquired from Beacon at the acquisition date.

Note 4 — Reclassifications Made to ArcLight Financial Statement Presentation

Certain reclassification adjustments have been made to conform ArcLight’s financial statement presentation to that of Opco’s.

The following reclassification adjustments were made to the unaudited pro forma condensed combined balance sheet as of June 30, 2022:

(a) Reflects the reclassification of $219 thousand from ArcLight’s Cash to Cash and cash equivalents.

(b) Reflects the reclassification of $546 thousand from ArcLight’s Prepaid expenses to Prepaid expenses and other current assets.

(c) Reflects the reclassification of $30 thousand from ArcLight’s Accrued expenses and $6,192 thousand from ArcLight’s Deferred legal fees to Accrued expenses and other current liabilities.

The following reclassification adjustments were made to the unaudited pro forma condensed combined statement of operations for the three months ended June 30, 2022:

(d) Reflects the reclassification of $3,125 thousand from ArcLight’s General and administrative expenses to Selling, general and administrative.

(e) Reflects the reclassification of $440 thousand from ArcLight’s Net gain on investments held in Trust Account to Interest and financing expense, net.

The following reclassification adjustments were made to the unaudited pro forma condensed combined statement of operations for the period from January 13, 2021 (inception) to December 31, 2021:

(f) Reflects the reclassification of $4,945 thousand from ArcLight’s General and administrative expenses to Selling, general and administrative.

(g) Reflects the reclassification of $463 thousand from ArcLight’s Financing costs — warrant liabilities and $13 thousand from ArcLight’s Net gain on investments held in Trust Account to Interest and financing expense, net.

Note 5 — Reclassifications Made to Beacon Financial Statement Presentation

The following reclassification adjustments were made to the pro forma condensed combined statement of operations for the four months ended April 30, 2021 to conform Beacon financial statement presentation to that of Opco's:

(a) Reflects the reclassification of $1,137 thousand from Renewable gas sales, $12,101 thousand from RIN sales, and $74 thousand from Transportation sales to RNG Fuel.

(b) Reflects the reclassification of $5,937 thousand from Operations and $460 thousand from Repairs and Maintenance to Costs of sales — RNG fuel.

(c) Reflects the reclassification of $317 thousand from General and administrative and $139 thousand from Insurance to Selling, general and administrative.

(d) Reflects the reclassification of $1,049 thousand from Depreciation and $11 thousand from Asset retirement obligation accretion to Depreciation, amortization, and accretion.

(e) Reflects the elimination of an intercompany transaction between Opco and Beacon for the amount of $1,134 thousand from Environmental credit processing service and $1,134 thousand from Other.

Note 6 — Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The unaudited pro forma condensed combined balance sheet as of June 30, 2022 has been prepared to illustrate the effect of the Transactions and has been prepared for informational purposes only. The unaudited pro forma condensed combined balance sheet as of June 30, 2022 includes Transaction Accounting Adjustments that are directly attributable to the Business Combination, and other related events described in Note 1 above.

The pro forma transaction accounting adjustments are as follows:

(a) Reflects the reclassification of cash held in ArcLight's Trust Account to cash and cash equivalents as of June 30, 2022 to reflect the cash available to effectuate the Transactions or to fund redemption of existing Public Shareholders. Note that on the Closing date, the actual balance of cash in the Trust Account including accumulated interest earned during the period prior to redemption is approximately $311.8 million.

(b) Reflects the proceeds of approximately $110.8 million from the issuance and sale of 11,080,600 shares of New OPAL common stock at $10.00 per share pursuant to the Amended Subscription Agreements entered into with the PIPE Investors in connection with the PIPE Investment and subsequent PIPE Extension.

(c) Reflects the reclassification of the carrying value of Opco's Series A and Series A-1 Preferred Units to Redeemable preferred noncontrolling interest.

(d) Reflects the conversion of fifty percent (50%) of the principal and accrued interest outstanding pursuant to the Ares Note into New OPAL Class A common stock.

(e) Reflects recording of estimated additional transaction costs to be incurred of $1,616 thousand in additional paid in capital. The amount represents the estimated incremental advisory, legal, accounting and auditing fees and other professional fees as of June 30, 2022, that are deemed to be direct and incremental costs of the Business Combination and related transactions. The transaction costs excluded $24.9 million in aggregate fees due to ArcLight's and Opco's financial advisors for the transaction, including deferred underwriting commissions from ArcLight's initial public offering. The advisors withdrew from the transaction and waived their fees in whole.

The $1,400 thousand and $6,243 thousand decreases to accrued expenses and other current liabilities represent the adjustment to account for payments of accrued transaction cost liabilities in both Opco's and ArcLigh's historical balance sheets with an offsetting decrease to cash. The $6,443 deferred transaction costs incurred by Opco are adjusted against additional paid-in capital. Additionally, a $4,200 thousand adjustment was made to accrue for estimated fees related to directors' and officers' insurance tail policy (which is required as part of the business combination agreement), with offsetting decreases to retained earnings (accumulated deficit) and redeemable noncontrolling interests based on ownership percentage interests.

(f) Reflects the reclassification, prior to ArcLight Class A ordinary shareholders exercise their redemption rights, of Class A ordinary shares of $311,516 thousand to permanent equity. The Transaction Accounting Adjustment also includes conversion of outstanding ArcLight Class A and Class B ordinary shares into New OPAL Class A common stock concurrent with the consummation of the Business Combination.

(g) Reflects the recapitalization of prior ArcLight shares with 38,895,381 shares of New OPAL Class A common stock and the elimination of the accumulated deficit of ArcLight. As a result of the recapitalization, ArcLight's historical accumulated deficit balance of $21,651 thousand on June 30, 2022 was derecognized and reclassified into additional paid in capital. The shares of New OPAL's Class D common stock issued in exchange for Opco's capital were recorded at par value in the amount of $15 thousand.

(h) Following the completion of the Transactions, New OPAL, as the registrant, does not own 100% of the economic interests in Opco due to the existing equityholders of Opco owning an approximately 85.4% economic interest in Opco. This percentage excludes the 913,907 forfeitable ArcLight Sponsor shares which are recognized as a liability at fair value as detailed above. The calculation of redeemable noncontrolling interest is based on the net assets of Opco and the ownership percentage held by existing equityholders of Opco in Opco following the completion of the Transactions. Shares pursuant to the earnout arrangements have been excluded from the calculation of the redeemable noncontrolling interest until such time they become vested. Accordingly, redeemable noncontrolling interest increased to $136,553 thousand with a corresponding decrease to additional paid-in capital. In addition, as a result of the recapitalization, the carrying value of Opco's historical members' equity of $47,681 thousand and retained earnings of $8,955 thousand were reclassified into redeemable noncontrolling interest.

(i) Reflects the redemption of 27,364,124 Class A ordinary shares for approximately $274.2 million allocated to ArcLight common stock and additional paid in capital, using a par value of $0.0001 per share at a redemption price of approximately $10.02 per share.

(j) In connection with the Business Combination, New OPAL entered into the tax receivable agreement (the "***Tax Receivable Agreement***") with OPAL Holdco and Hillman such persons, together with such other persons from time to time that become party thereto, collectively, the "***TRA Participants***"). Pursuant to the Tax Receivable Agreement, New OPAL will be required to pay the TRA Participants 85% of the amount of savings, if any, in U.S. federal, state and local income tax that New OPAL actually realizes (computed using certain simplifying assumptions) as a result of the increases in tax basis and certain other tax benefits related to any exchanges of OPAL Common Units (together with voting shares of New OPAL) for shares of New OPAL Class A common stock or Class C common stock.

Due to the uncertainty as to the amount and timing of future exchanges of OPAL Common Units by the TRA Participants and as to the price of New OPAL Class A common stock at the time of any such exchanges, the unaudited pro forma condensed combined financial information assumes that no existing equityholders of Opco have exchanged OPAL Common Units in a transaction that would create an obligation under the Tax Receivable Agreement. Therefore, no increases in tax basis in New OPAL's assets or other tax benefits that may be realized under the Tax Receivable Agreement have been reflected in the unaudited condensed combined pro forma financial information. Future exchanges will result in incremental tax attributes and potential cash tax savings for New OPAL. Depending on New OPAL's assessment on realizability of such tax attributes, the arising Tax Receivable Agreement liability will be recorded at the exchange date against equity, or at a later point through income. If the TRA Participants were to exchange all of their OPAL Common Units, New OPAL would recognize a deferred tax asset of approximately $509.0 million and a related liability for payments under the Tax Receivable Agreement of approximately $433.0 million, assuming (i) that the TRA Participants redeemed or exchanged all of their OPAL Common Units on the closing date; (ii) a price of $10.00 per share; (iii) a constant combined effective income tax rate of 26.47%; (iv) New OPAL will have sufficient taxable income in each year to realize the tax benefits that are subject to the Tax Receivable Agreement; and (v) no material changes in tax law. These amounts are estimates and have been prepared for informational purposes only. The actual amount of deferred tax assets and related liabilities that we will recognize will differ based on, among other things, the timing of the exchanges, the price of the shares of Class A common stock at the time of the exchange, and the tax rates then in effect.

It is more likely than not that the deferred tax assets will not be realized in accordance with ASC Topic 740, 'Income Taxes' ("***ASC 740***"). As such, ArcLight has reduced the full carrying amount of the deferred tax assets with a valuation allowance under both scenarios. Management will continue to monitor and consider the available evidence from quarter to quarter, and year to year, to determine if more or less valuation allowance is required at that time.

(k) Reflects the fair value of $5,900 and $46,000 thousand of the Sponsor Earnout Awards and the OPAL Earnout Awards, respectively. Refer to Note 3 for more information.

(l) Reflects the $5,000 thousand fair value of the Forward Purchase Agreement liability and associated fees of $625 thousand. The accounting treatment of these costs is still under evaluation, and for purposes of the unaudited condensed combined pro forma information these costs are presented as an adjustment to the equity issuance proceeds from the business combination.

(m) Reflects the $2,084 thousand fair value of private placement warrants transferred by Sponsor to Encompass. The accounting treatment of these costs is still under evaluation, and for purposes of the unaudited condensed combined pro forma information these costs are presented as an offsetting contribution and adjustment to issuance proceeds from the business combination.

Note 7 — Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

The pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for the three months ended June 30, 2022 are as follows:

(a) As it is more likely than not that the ArcLight deferred tax assets will not be realized in accordance with ASC 740, no income tax benefit is recognized.

(b) Represents the adjustment for the Net income (loss) attributable to redeemable preferred noncontrolling interest and redeemable noncontrolling interest. The Net income (loss) attributable to redeemable noncontrolling interest is based on a 85.4% percentage interest in Opco. The adjustment to the net income (loss) redeemable preferred noncontrolling interest represents the accrued dividends that would be settled in cash in connection with item 6(d) above.

(c) Represents the elimination of interest earned on marketable securities held in ArcLight's Trust Account.

The pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021 are as follows:

(d) Reflects adjustments to eliminate the income (loss) from the equity method investments in connection with Beacon prior to the acquisition, and to reflect the reduced depreciation expense pertaining to the acquired property, plant and equipment that was measured at the acquisition date fair value.

(e) As it is more likely than not that the ArcLight deferred tax assets will not be realized in accordance with ASC 740, no income tax benefit is recognized.

(f) Represents the adjustment for the Net income (loss) attributable to redeemable preferred noncontrolling interest and redeemable noncontrolling interest. The Net income (loss) attributable to redeemable noncontrolling interest is based on a 85.4% common ownership interest in Opco. The adjustment to the net income (loss) redeemable preferred noncontrolling interest represents the accrued dividends that would be settled in cash in connection with item 6(d) above.

(g) Represents the elimination of interest earned on marketable securities held in ArcLight's Trust Account.

(h) Reflects a $4,200 thousand adjustment for estimated costs attributable to a directors' and officers' insurance tail policy which will be contingently incurred upon closing of the transaction.

Note 8 — Net Income (Loss) per Share

Represents the net income (loss) per share calculated using the historical weighted average shares outstanding and the issuance of additional shares in connection with the Business Combination, the PIPE Investment, and other related events, assuming such additional shares were outstanding since January 1, 2021. As the Business Combination and PIPE Investment are being reflected as if they had occurred as of January 1, 2021, the calculation of weighted average shares outstanding for basic and diluted net income (loss) per share assumes the shares issued in connection with the Business Combination and PIPE Investment have been outstanding for the entire periods presented.

New OPAL has 6,223,261 public warrants and 9,223,261 private placement warrants. The warrants are exercisable at their $11.50 strike price which exceeds the current market price for New OPAL Class A common stock. The warrants are considered anti-dilutive and were excluded from the diluted earnings per share for the period presented below. In addition, the shares pursuant to the earnout arrangements as discussed in Note 1 were excluded from the diluted earnings per share calculation since such shares are contingently issuable or forfeitable, and the contingencies have not been resolved. Diluted earnings per share also does not reflect the conversion of Opco's Class B units into New OPAL Class A common stock as the result would be anti-dilutive. As a result, the basic and diluted net income (loss) per share is the same for the periods presented.

(in thousands, except shares and per share data)	For the Six Months Ended June 30, 2022	For the Year Ended December 31, 2021
Numerator		
Pro forma net income (loss) attributable to stockholders - basic and diluted	$ 5,339	$ (11,456)
Denominator		
Weighted average shares outstanding of New OPAL Class A common stock – basic	24,757,483	24,757,483
Weighted average shares outstanding of New OPAL Class A common stock – diluted	24,761,483	24,761,483
Pro forma net income (loss) per share (Basic) attributable to New OPAL Class A common stockholders (1)	$ 0.22	$ (0.46)
Pro forma net income (loss) per share (Diluted) attributable to New OPAL Class A common stockholders (1)	$ 0.22	$ (0.46)
Weighted average shares outstanding — basic		
ArcLight Public Shareholders	3,752,181	3,752,181
Sponsor Shareholders (2)	6,865,169	6,865,169
PIPE Investors	11,080,600	11,080,600
Ares	3,059,533	3,059,533
Weighted average shares outstanding — diluted		
ArcLight Public Shareholders (3)	3,756,181	3,756,181
Sponsor Shareholders (2)	6,865,169	6,865,169
PIPE Investors	11,080,600	11,080,600
Ares	3,059,533	3,059,533

(1) New OPAL's Class B and Class D common stock outstanding do not participate in earnings or losses and therefore are not participating securities. As such, a separate presentation of basic and diluted earnings per share of Class B and Class D common stock under the two-class method has not been presented.

(2) Excludes 763,907 of New OPAL Class A common stock held directly by the Sponsor that are subject to forfeiture pursuant to the Sponsor Letter Agreement and an additional 150,000 of New OPAL Class A common stock held directly by the Sponsor that are subject to forfeiture pursuant to the Sponsor Side Letter

(3) Includes 4,000 dilutive shares of New OPAL Class A Common Stock pursuant to the Forward Purchase Agreement under the reverse treasury stock method.