

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

(Mark One)

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

For the quarterly period ended June 30, 2023

or

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

For the transition period from _____ to _____

Commission File Number: 001-40272

OPAL FUELS INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

98-1578357

(I.R.S. Employer Identification No.)

One North Lexington Avenue, Suite 1450

White Plains, New York

(Address of principal executive offices)

10601

(Zip Code)

(914) 705-4000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of August 11, 2023, a total of 27,694,332 shares of Class A common stock, par value \$0.0001 per share, and 144,399,037 shares of Class D common stock, par value \$0.0001 per share were issued and outstanding.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. Words such as “estimates,” “projected,” “expects,” “estimated,” “anticipates,” “forecasts,” “plans,” “intends,” “believes,” “seeks,” “may,” “will,” “would,” “future,” “propose,” “target,” “goal,” “objective,” “outlook” and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside our control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others, that may affect actual results or outcomes include:

- our ability to grow and manage growth profitably, maintain relationships with customers and suppliers and retain key employees;
- our success in retaining or recruiting, our principal officers, key employees or directors;
- intense competition and competitive pressures from other companies in the industry in which we operate;
- increased costs of, or delays in obtaining, key components or labor for the construction and completion of LFG and livestock waste projects that generate electricity and renewable natural gas (“RNG”), compressed natural gas (“CNG”) and hydrogen dispensing stations;
- factors relating to our business, operations and financial performance, including market conditions and global and economic factors beyond our control;
- macroeconomic conditions related to the global COVID-19 pandemic;
- the reduction or elimination of government economic incentives to the renewable energy market;
- factors associated with companies, such as us, that are engaged in the production and integration of RNG, including (i) anticipated trends, growth rates and challenges in those businesses and in the markets in which they operate (ii) contractual arrangements with, and the cooperation of, landfill and livestock biogas conversion project site owners and operators and operators, on which we operate our LFG and livestock waste projects that generate electricity and (iii) RNG prices for Environmental Attributes (as defined below), LCFS credits and other incentives;
- the ability to identify, acquire, develop and operate renewable projects and fueling stations (“Fueling Stations”);
- our ability to issue equity or equity-linked securities or obtain or amend debt financing;
- the demand for renewable energy not being sustained;
- impacts of climate change, changing weather patterns and conditions and natural disasters; and
- the effect of legal, tax and regulatory changes.

The forward-looking statements contained in this Form 10-Q are based on current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors” in this Form 10-Q and in our Annual Report on Form 10-K filed on March 29, 2023. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

TABLE OF CONTENTS

	<u>PAGE</u>	
<u>PART I. FINANCIAL INFORMATION</u>		
<u>ITEM 1.</u>	<u>FINANCIAL STATEMENTS</u>	1
	<u>Condensed Consolidated Balance sheets as of June 30, 2023 (Unaudited) And December 31, 2022</u>	1
	<u>Unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2023 and 2022</u>	3
	<u>Unaudited Condensed Consolidated Statements of Comprehensive Income / (loss) for the three and six months ended June 30, 2023 and 2022</u>	5
	<u>Unaudited Condensed Consolidated Statements of Changes In Redeemable Non-Controlling Interest, Redeemable Preferred Non-Controlling Interest And Stockholders' (Deficit) Equity for the three and six months ended June 30, 2023 and 2022</u>	6
	<u>Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and 2022</u>	9
	<u>Notes To Unaudited Condensed Consolidated Financial Statements</u>	11
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	48
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	59
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>	59
<u>PART II. OTHER INFORMATION</u>		
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>	62
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>	62
<u>ITEM 2.</u>	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	62
<u>ITEM 3.</u>	<u>DEFAULTS UPON SENIOR SECURITIES</u>	62
<u>ITEM 4.</u>	<u>MINE SAFETY DISCLOSURES</u>	62
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u>	63
<u>ITEM 6.</u>	<u>EXHIBITS</u>	63
<u>SIGNATURES</u>		65

Part I - Financial Information

Item 1. Financial Statements

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

	June 30, 2023 (Unaudited)	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents (includes \$906 and \$12,506 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	\$ 21,595	\$ 40,394
Accounts receivable, net (includes \$846 and \$966 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	26,821	31,083
Accounts receivable, related party	—	12,421
Restricted cash - current (includes \$228 and \$6,971 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	228	32,402
Short term investments	16,955	64,976
Fuel tax credits receivable	3,213	4,144
Contract assets	12,513	9,771
Parts inventory	10,631	7,311
Environmental credits held for sale (includes \$29 and \$0 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	4,184	1,674
Prepaid expense and other current assets (includes \$186 and \$415 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	4,485	7,625
Derivative financial assets, current portion	365	182
Total current assets	100,990	211,983
Capital spares	3,056	3,443
Property, plant, and equipment, net (includes \$27,043 and \$73,140 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	288,427	297,323
Operating right-of-use assets	11,441	11,744
Investment in other entities	202,409	51,765
Note receivable - variable fee component	2,101	1,942
Derivative financial assets, non-current portion	267	954
Deferred financing costs	—	3,013
Other long-term assets	1,489	1,489
Intangible assets, net	1,854	2,167
Restricted cash - non-current (includes \$2,790 and \$2,923 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	5,303	4,425
Goodwill	54,608	54,608
Total assets	\$ 671,945	\$ 644,856
Liabilities and Equity		
Current liabilities:		
Accounts payable (includes \$384 and \$4,896 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	13,494	22,679
Accounts payable, related party (includes \$1,108 and \$433 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	3,707	1,346
Fuel tax credits payable	2,624	3,320
Accrued payroll	7,107	8,979
Accrued capital expenses (includes \$0 and \$7,821 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	8,864	11,922
Accrued expenses and other current liabilities (includes \$272 and \$646 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	12,698	9,573

Contract liabilities	6,220	8,013
Senior Secured Credit Facility - term loan, current portion, net of debt issuance costs	—	15,250
Senior Secured Credit Facility - working capital facility, current portion	—	7,500
OPAL Term Loan, current portion	27,732	27,732
Sunoma Loan, current portion (includes \$1,169 and \$380 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	1,169	380
Convertible Note Payable	29,671	28,528
Municipality Loan	—	76
Derivative financial liability, current portion	—	4,596
Operating lease liabilities - current portion	681	630
Other current liabilities	—	1,085
Asset retirement obligation, current portion	1,296	1,296
Total current liabilities	115,263	152,905
Asset retirement obligation, non-current portion	5,165	4,960
OPAL Term Loan	63,210	66,600
Sunoma Loan, net of debt issuance costs (includes \$20,948 and \$21,712 at June 30, 2023 and December 31, 2022, respectively, related to consolidated VIEs)	20,948	21,712
Operating lease liabilities - non-current portion	10,924	11,245
Earn out liabilities	4,153	8,790
Other long-term liabilities	856	825
Total liabilities	220,519	267,037
Commitments and contingencies		
Redeemable preferred non-controlling interests	143,754	138,142
Redeemable non-controlling interests	1,068,274	1,013,833
Stockholders' deficit		
Class A common stock, \$0.0001 par value, 340,000,000 shares authorized as of June 30, 2023; 29,330,115 and 29,477,766 shares, issued and outstanding at June 30, 2023 and December 31, 2022, respectively	3	3
Class B common stock, \$0.0001 par value, 160,000,000 shares authorized as of June 30, 2023; None issued and outstanding as of June 30, 2023 and December 31, 2022	—	—
Class C common stock, \$0.0001 par value, 160,000,000 shares authorized as of June 30, 2023; None issued and outstanding as of June 30, 2023 and December 31, 2022	—	—
Class D common stock, \$0.0001 par value, 160,000,000 shares authorized as of June 30, 2023; 144,399,037 and 144,399,037 shares issued and outstanding at June 30, 2023 and December 31, 2022	14	14
Additional paid-in capital	—	—
Accumulated deficit	(749,912)	(800,813)
Accumulated other comprehensive income	4	195
Class A common stock in treasury, at cost; 1,635,783 and 0 shares at June 30, 2023 and December 31, 2022, respectively	(11,614)	—
Total Stockholders' deficit attributable to the Company	(761,505)	(800,601)
Non-redeemable non-controlling interests	903	26,445
Total Stockholders' deficit	(760,602)	(774,156)
Total liabilities, Redeemable preferred non-controlling interests, Redeemable non-controlling interests and Stockholders' deficit	\$ 671,945	\$ 644,856

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
RNG fuel (includes revenues from related party of \$9,412 and \$12,765 for the three months ended June 30, 2023 and 2022, respectively; \$14,127 and \$20,845 for the six months ended June 30, 2023 and 2022, respectively)	\$ 16,431	\$ 16,459	\$ 28,625	\$ 31,508
Fuel station services (includes revenues from related party of \$2,440 and \$4,027 for the three months ended June 30, 2023 and 2022, respectively; \$3,933 and \$8,843 for the six months ended June 30, 2023 and 2022, respectively)	29,956	26,730	50,784	51,604
Renewable Power (includes revenues from related party of \$1,747 and \$1,243 for the three months ended June 30, 2023 and 2022, respectively; \$3,274 and \$2,269, for the six months ended June 30, 2023 and 2022, respectively)	8,655	10,028	18,590	19,152
Total revenues	<u>55,042</u>	<u>53,217</u>	<u>97,999</u>	<u>102,264</u>
Operating expenses:				
Cost of sales - RNG fuel	7,884	8,457	15,407	16,171
Cost of sales - Fuel station services	27,476	23,630	47,768	43,293
Cost of sales - Renewable Power	8,761	7,540	17,139	15,948
Selling, general, and administrative	13,663	7,955	28,135	18,810
Depreciation, amortization, and accretion	3,628	3,325	7,195	6,721
Total expenses	<u>61,412</u>	<u>50,907</u>	<u>115,644</u>	<u>100,943</u>
Operating (loss) income	<u>(6,370)</u>	<u>2,310</u>	<u>(17,645)</u>	<u>1,321</u>
Other (expense) income:				
Interest and financing expense, net	(956)	(3,365)	(1,597)	(6,422)
Loss on debt extinguishment	(1,895)	—	(1,895)	—
Change in fair value of derivative instruments, net	1,160	92	5,093	328
Other income	123,109	—	123,041	—
(Loss) income from equity method investments	(998)	621	(293)	(36)
Income (loss) before provision for income taxes	<u>114,050</u>	<u>(342)</u>	<u>106,704</u>	<u>(4,809)</u>
Provision for income taxes	—	—	—	—
Net income (loss)	<u>114,050</u>	<u>(342)</u>	<u>106,704</u>	<u>(4,809)</u>
Net income (loss) attributable to redeemable non-controlling interests	93,460	(1,803)	85,227	(6,745)
Net loss attributable to non-redeemable non-controlling interests	(183)	(257)	(480)	(499)
Paid-in-kind preferred dividends ⁽¹⁾	2,849	1,718	5,612	2,435
Net income attributable to Class A common stockholders	<u>\$ 17,924</u>	<u>\$ —</u>	<u>\$ 16,345</u>	<u>\$ —</u>
Weighted average shares outstanding of Class A common stock:				
Basic	26,977,682	—	27,179,488	—
Diluted	27,248,639	—	27,556,700	—
Per share amounts:				
Basic ⁽²⁾	\$ 0.66	\$ —	\$ 0.60	\$ —
Diluted ⁽²⁾	\$ 0.66	\$ —	\$ 0.59	\$ —

⁽¹⁾ Paid-in-kind preferred dividend is allocated between redeemable non-controlling interests and Class A common stockholders based on their weighted average percentage of ownership. Please see Note.13 *Redeemable non-controlling interests, redeemable preferred non-controlling interests and Stockholders' deficit* for additional information.

⁽²⁾ Income per share information has not been presented for the three and six months ended June 30, 2022 as it would not be meaningful to the users of these condensed consolidated financial statements.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 114,050	\$ (342)	\$ 106,704	\$ (4,809)
Other comprehensive income (loss):				
Effective portion of the cash flow hedge attributable to equity method investments	109	—	109	—
Reclassification adjustments included in earnings ⁽¹⁾	(1,147)	—	(1,147)	—
Net unrealized gain (loss) on cash flow hedges	215	—	(141)	—
Total comprehensive income (loss)	113,227	(342)	105,525	(4,809)
Net income (loss) attributable to Redeemable non-controlling interests	95,851	(1,803)	89,936	(6,745)
Other comprehensive loss attributable to Redeemable non-controlling interests	(690)	—	(989)	—
Comprehensive loss attributable to non-redeemable non-controlling interests	(183)	(257)	(480)	(499)
Paid-in-kind preferred dividends	458	1,718	903	2,435
Comprehensive income attributable to Class A common stockholders	<u>\$ 17,791</u>	<u>\$ —</u>	<u>\$ 16,155</u>	<u>\$ —</u>

⁽¹⁾ Represents the reclassification of the gain on termination of interest rate swaps on May 30, 2023. See Note 9 *Derivative Financial Instruments* for additional information. Additionally, there is \$334 reclassification into earnings from our equity method investments.

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

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

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

⁽¹⁾ As of May 30, 2023, two of our RNG facilities, Emerald and Sapphire (defined below) were deconsolidated and accounted for under equity method as per ASC 323. Please see Note 4 Investment in Other entities and Note 12 Variable Interest Entities for additional information.

	Class A common stock		Class D common stock					Mezzanine Equity		
	Shares	Amount	Shares	Amount	Additional paid-in capital	Retained earnings	Non-redeemable non-controlling interests	Total Stockholders' Equity	Redeemable preferred non-controlling interests	Redeemable non-controlling interests
December 31, 2021	—	\$ —	144,399,037	\$ 14	\$ —	\$ —	\$ 1,188	\$ 1,202	\$ 30,210	\$ 63,545
Net loss	—	—	—	—	—	—	(242)	(242)	—	(4,225)
Contributions from non-redeemable non-controlling interest	—	—	—	—	—	—	5,738	5,738	—	(95)
Amortization on payment to acquire non-redeemable noncontrolling interest	—	—	—	—	—	—	—	—	—	(91)
Contributions from redeemable preferred non-controlling interests	—	—	—	—	—	—	—	—	25,000	(267)
Paid-in-kind preferred dividend	—	—	—	—	—	—	—	—	717	(717)
Stock-based compensation	—	—	—	—	—	—	—	—	—	160
March 31, 2022	—	—	144,399,037	14	—	—	6,684	6,698	55,927	58,310
Net loss	—	—	—	—	—	—	(257)	(257)	—	(85)
Contributions from non-redeemable non-controlling interest	—	—	—	—	—	—	11,211	11,211	—	47
Amortization on payment to acquire non-redeemable noncontrolling interest	—	—	—	—	—	—	—	—	—	(92)
Contributions from redeemable preferred non-controlling interests	—	—	—	—	—	—	—	—	75,000	—
Paid-in-kind preferred dividend	—	—	—	—	—	—	—	—	1,718	(1,718)
Stock-based compensation	—	—	—	—	—	—	—	—	—	160
June 30, 2022	—	\$ —	144,399,037	\$ 14	\$ —	\$ —	\$ 17,638	\$ 17,652	\$ 132,645	\$ 56,622

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

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

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ 106,704	\$ (4,809)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Income from equity method investments	293	36
Provision for bad debts	492	—
Amortization of operating right-of-use assets	303	382
Depreciation and amortization	6,990	6,566
Amortization of deferred financing costs	795	898
Loss on debt extinguishment	1,895	—
Loss on warrant exchange	338	—
Gain on deconsolidation of VIEs	(122,873)	—
Accretion expense related to asset retirement obligation	205	155
Stock-based compensation	2,848	320
Paid-in-kind interest income	(159)	(454)
Change in fair value of Convertible Note Payable	1,143	2,110
Unrealized gain on derivative financial instruments	(4,906)	(18)
Changes in operating assets and liabilities, net of effects of businesses acquired:		
Accounts receivable	3,770	610
Accounts receivable, related party	12,421	—
Fuel tax credits receivable	931	1,257
Capital spares	387	(41)
Parts inventory	(3,320)	(3,255)
Environmental credits held for sale	(2,510)	(260)
Prepaid expense and other current assets	3,121	(328)
Contract assets	(2,742)	(7,111)
Accounts payable	1,257	(4,217)
Accounts payable, related party	2,941	780
Fuel tax credits payable	(696)	(1,295)
Accrued payroll	(1,850)	(3,242)
Accrued expenses	3,125	5,398
Operating lease liabilities - current and non-current	(270)	(382)
Other current and non-current liabilities	(1,054)	251
Contract liabilities	(1,793)	(2,626)
Net cash provided by (used in) operating activities	7,786	(9,275)
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(72,009)	(54,461)
Proceeds from sale of short term investments	48,021	—
Deconsolidation of VIEs, net of cash	(11,948)	—
Distributions received from equity method investment	7,756	—
Net cash used in investing activities	(28,180)	(54,461)
Cash flows from financing activities:		
Proceeds from Sunoma loan	—	1,046
Proceeds from OPAL Term Loan	10,000	15,000
Cash paid for purchase of shares upon exercise of put option	(16,391)	—
Financing costs paid to other third parties	—	(3,216)
Repayment of Senior Secured Credit Facility	(22,750)	(1,221)
Repayment of OPAL Term Loan	(13,866)	(6,444)
Repayment of Municipality loan	(76)	(105)

Proceeds from sale of non-redeemable non-controlling interest	12,778	16,901
Reimbursement of financing costs by joint venture partner	826	—
Distribution to non-redeemable non-controlling interest	(222)	—
Proceeds from sale of non-controlling interest, related party	—	100,000
Net cash (used in) provided by financing activities	(29,701)	121,961
Net (decrease) increase in cash, restricted cash, and cash equivalents	(50,095)	58,225
Cash, restricted cash, and cash equivalents, beginning of period	77,221	42,054
Cash, restricted cash, and cash equivalents, end of period	\$ 27,126	\$ 100,279
Supplemental disclosure of cash flow information		
Interest paid, net of \$3,785 and \$0 capitalized, respectively	\$ 1,507	\$ 2,860
Noncash investing and financing activities:		
Paid-in-kind dividend on redeemable preferred non-controlling interests	\$ 5,612	\$ 2,435
Accrual for purchase of Property, plant and equipment included in Accounts payable and Accrued capital expenses	\$ 8,864	\$ 20,096
Right-of-use assets for finance leases as of January 1, 2022 included in Property, plant and equipment, net	\$ —	\$ 801
Lease liabilities for finance leases as of January 1, 2022 included in Accrued expenses and other current liabilities	\$ —	\$ 316
Lease liabilities for finance leases as of January 1, 2022 included in Other long-term liabilities	\$ —	\$ 485
Fair value of contingent consideration to redeem the non-controlling interest included in Other long-term liabilities	\$ —	\$ 183
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.

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

1. Organization and Description of Business

OPAL Fuels Inc. (including its subsidiaries, the "Company", "OPAL," "we," "us" or "our") is a renewable energy company specializing in the capture and conversion of biogas for the (i) production of RNG for use as a vehicle fuel for heavy and medium-duty trucking fleets, (ii) generation of 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. OPAL also designs, develops, constructs, operates and services Fueling Stations for trucking fleets across the country that use natural gas to displace diesel as their transportation fuel. The biogas conversion projects ("Biogas Conversion Projects") currently use landfill gas and dairy manure as the source of the biogas. In addition, we have recently begun implementing design, development, and construction services for hydrogen Fueling Stations, and we are pursuing opportunities to diversify our sources of biogas to other waste streams.

All amounts in these footnotes 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 three and six months ended June 30, 2023.

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.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

These condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and includes 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, Beacon RNG LLC ("Beacon") Sunoma Holdings, LLC ("Sunoma"), New River LLC ("New River"), Reynolds NRG LLC ("Reynolds"), Central Valley LLC ("Central Valley"), Prince William RNG LLC ("Prince William"), Cottonwood RNG LLC, Polk County RNG LLC ("Polk County"), Fortistar Contracting LLC, Fortistar RNG LLC, and OPAL Fuel station services LLC ("Fuel station services"). 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 the Stockholders' deficit in the condensed consolidated balance sheets and as a non-redeemable non-controlling interests in the condensed consolidated statements of changes in redeemable non-controlling interests, redeemable preferred non-controlling interests and Stockholders' deficit.

The accompanying condensed consolidated financial statements reflect the activities of the Company, its subsidiaries, and its equity method investments for the three and six months ended June 30, 2023 and 2022. Investments in unconsolidated entities in which the Company can influence the operating or financial decisions are accounted for under the equity method. On May 30, 2023, the Company together with a third-party environmental solutions company formed a new joint venture holding company Paragon LLC ("Paragon"). The Company owns 50% of ownership interest in Paragon. Concurrent to the formation of Paragon, the Company contributed its 50% ownership interests in Emerald and Sapphire to Paragon. Upon the execution of the above transaction, the Company reassessed its equity interests in Emerald and Sapphire under ASC 810, *Consolidation* and determined that the Company does not have a controlling financial interest in Paragon

under ASC 810 because the governance of the joint venture is driven by a board jointly controlled by the joint venture partner and OPAL equally and there are substantive participating rights held by the joint venture partner in the significant activities of Paragon. Prior to May 30, 2023, the Company consolidated these two entities in accordance with the variable interest entity model guidance under ASC 810, Consolidation.

As of June 30, 2023, the Company accounted for its ownership interests in Pine Bend RNG LLC ("Pine Bend"), Noble Road RNG LLC ("Noble Road"), Emerald RNG LLC ("Emerald"), Sapphire RNG LLC ("Sapphire"), Paragon RNG LLC ("Paragon") and GREP BTB Holdings LLC ("GREP") under the equity method.

As of December 31, 2022, 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. Please see Note 3. *Investment in Other Entities*, for additional information.

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC"). Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, it does not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. The information herein should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2022 Annual Report on Form 10-K, which was filed with SEC on March 30, 2023. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair statement of the financial position, operating results, and cash flows for the periods presented.

Use of estimates

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

The significant estimates and assumptions of the Company include the residual value of the useful lives of our property, plant and equipment, the fair value of stock-based compensation, asset retirement obligations, the estimated losses on our trade receivables, percentage completion for revenue recognition, incremental borrowing rate for calculating the right-of-use assets and lease liabilities, the fair value of the Convertible Note Payable (as defined below), the impairment assessment of goodwill, the fair value of deconsolidated VIEs and the fair value of derivative instruments. Actual results could differ from those estimates.

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

Accounting Pronouncements adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses ("ASC 326"), with the objective of providing financial statement users information about the credit risk inherent in an entity's financial statements as well as to explain management's estimate of expected credit losses and the changes in the allowance for such losses. The accounting standard amends the current financial instrument impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. Under the new guidance, an entity recognizes as an allowance its estimate of lifetime expected credit losses will result in more timely recognition of such losses. The Company adopted the accounting standard using the prospective transition approach as of January 1, 2023. The cumulative effect upon adoption was not material to our condensed consolidated financial statements.

The adoption of ASC 326 primarily impacted our trade receivables and the Note receivable - variable fee component recorded on our condensed consolidated balance sheet as of June 30, 2023. Upon adoption of ASC 326, the Company assessed collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when we identify specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, the Company considered historical collectability based on past due status and made judgments about the creditworthiness of customers based on ongoing credit evaluations. The Company also

considered customer-specific information, current market conditions and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. The carrying value of the Note receivable - variable fee component on the condensed consolidated balance sheet as of June 30, 2023 is based on discounted expected cash flows model which are adjusted on a quarterly basis. Therefore, the Company determined that the credit risk component is included in the carrying value at each reporting period. The adoption of ASC 326 did not have any material impact on our condensed consolidated financial statements.

The Company adopted ASC 842 "Leases" as of January 1, 2022 and evaluated all of its contracts and recorded right-of-use assets and corresponding lease liabilities on its consolidated balance sheet as of January 1, 2022. The Company adopted ASC 842 using the modified retrospective transition method of adoption. Under this method, the cumulative effect of applying the new lease standard is recorded with no restatement of any comparative prior periods presented. As provided by ASC 842, the Company elected to record the required cumulative effect adjustments to the opening balance sheet in the period of adoption rather than in the earliest comparative period presented. The Company retrospectively adjusted the financial statements as of and for the three and six months ended June 30, 2022 to reflect the adoption of ASC 842.

Accounting Pronouncements not yet adopted

In March 2023, the FASB issued Accounting Standards Update No. 2023-01, Leases (Topic 842) (the "Update"). The Update requires the entities to classify and account for a leasing arrangement between entities under common control on the same basis as an arrangement with an unrelated party. The Update also requires leasehold improvements associated with common control leases be amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset and account for as a transfer between entities under common control through an adjustment to equity if and when the lessee no longer controls the use of the underlying asset. The amendments in this Update are effective for fiscal years beginning after December 15, 2023 including interim fiscal periods within those fiscal years. The Company is currently evaluating the impact of the adoption of this Update on its condensed consolidated financial statements.

Emerging Growth Company Status

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

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash consisted of the following as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	\$ 21,595	\$ 40,394
Restricted cash - current ⁽¹⁾	228	32,402
Long-term assets:		
Restricted cash held as collateral ⁽²⁾	5,303	4,425
Total cash, cash equivalents, and restricted cash	<u>\$ 27,126</u>	<u>\$ 77,221</u>

⁽¹⁾ Restricted cash - current as of June 30, 2023 primarily relates to interest reserve on the Sunoma Loan. Restricted cash - current as of December 31, 2022 primarily consists of (i) \$16,849 held in escrow to secure the Company's purchase obligations under the forward purchase agreement with Meteora (ii) \$5,845 equity contribution to a joint venture in connection with the closing of OPAL Term Loan II (iii) \$1,127 relates to interest reserve on the Sunoma Loan and (iv)

\$8,581 held in a restricted account for funding one of our RNG projects. The decrease in the Restricted cash relates to termination of the forward purchase agreement with Meteora and funds spent on construction of our RNG facilities.

⁽²⁾ Restricted cash held as collateral represents the collateral requirements on our debt facilities.

Short term investments

The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity greater than three months at the time of purchase to be short term investments. The short term investments of \$16,955 and \$64,976 as of June 30, 2023 and December 31, 2022, respectively, consists of cash invested in money market accounts with maturities ranging between 1 and 12 months as of the reporting date. The amounts in these money market accounts are liquid and available for general use.

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

Earnout Liabilities

In connection with the business combination completed in July 2022 and pursuant to a sponsor letter agreement, ArcLight CTC Holdings II, L.P. (the "Sponsor") agreed to subject 10% of its Class A common stock (received as a result of the conversion of its ArcLight Class B ordinary shares immediately prior to the closing) to vesting and forfeiture conditions relating to VWAP targets for the Company's Class A common stock sustained over a period of 60 months following the closing. OPAL Fuels equity holders are eligible to receive an aggregate of 10,000,000 shares of Class B and Class D common stock upon the Company achieving each earn-out event during the earn-out period. The earnout awards (the "Earnout Awards") were recognized at fair value on the closing date and classified as a liability which is remeasured at each balance sheet date and any change in fair value is recognized in the Company's condensed consolidated statement of operations as part of change in fair value of derivative instruments, net. For the three and six months ended June 30, 2023, the Company recorded a gain of \$327 and \$4,638 in its condensed consolidated statement of operations. As of June 30, 2023 and December 31, 2022, the Company recorded \$4,153 and \$8,790, respectively, on its condensed consolidated balance sheets.

Put option on forward purchase agreement

Prior to the closing of Business Combination, the Company entered into a forward purchase agreement with Meteora Capital Partners ("Meteora") pursuant to which Meteora agreed to purchase 2,000,000 shares of Class A common stock from shareholders who had previously tendered such shares for redemption but agreed to reverse their redemption and sell such shares to Meteora at the redemption price. The Company placed \$20,040 in escrow at the closing of the Business Combination to secure its purchase 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. The put option written to Meteora on 2,000,000 shares of Class A common stock is recorded as a liability under Topic 480 *Distinguishing Liabilities from Equity* with the change in the fair market value recognized in the statement of operations as part of change in fair value of derivative instruments, net.

On January 23, 2023, pursuant to the terms of the forward purchase agreement, Meteora exercised its option to sell back 1,635,783 shares to the Company. \$16,391 of the funds held in escrow which were previously recorded as part of Restricted Cash - current on its consolidated balance sheet as of December 31, 2022 were released to Meteora excluding interest accrued. In connection with the above, the Sponsor forfeited 197,258 shares of Class A common stock on January 26, 2023 pursuant to the terms of certain letter agreement dated July 21, 2022. The Company treated the repurchased shares as treasury shares and recorded \$11,614 representing the fair value of those shares at the closing share price of \$7.01 as an adjustment to Stockholders' deficit. Additionally, the Company recorded \$4,777 as an offset to the Derivative financial liability - current in its condensed consolidated balance sheet as of June 30, 2023.

Redeemable non-controlling interests

Redeemable non-controlling interests represent the portion of OPAL Fuels that the Company controls and consolidates but does not own. The Redeemable non-controlling interest was created as a result of the Business Combination and represents 144,399,037 Class D Units issued by OPAL Fuels to the prior investors. The Company

allocates net income or loss attributable to Redeemable non-controlling interest based on weighted average ownership interest during the period. The net income or loss attributable to Redeemable non-controlling interests is reflected in the condensed consolidated statement of operations.

At each balance sheet date, the mezzanine equity classified Redeemable non-controlling interests is adjusted up to their maximum redemption value if necessary, with an offset in Stockholders' equity. As of June 30, 2023, the maximum redemption value is \$1,068,274.

Net income per share

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

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

Accounts Receivable, Net

The Company's allowance for doubtful accounts was \$0 and \$0 at June 30, 2023 and December 31, 2022.

Asset Retirement Obligation

The Company accounts for asset retirement obligations in accordance with FASB ASC 410, *Asset Retirement and Environmental Obligations*, which requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of the estimated asset retirement obligations is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The discounted asset retirement costs capitalized amounts 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, 2023 and December 31, 2022, the Company estimated the value of its total asset retirement obligations to be \$6,461 and \$6,256, respectively.

The changes in the asset retirement obligations were as follows as of June 30, 2023:

	June 30, 2023
Balance, December 31, 2022 - Current and non-current	\$ 6,256
Accretion expense	205
Total asset retirement obligation	6,461
Less: current portion	(1,296)
Total asset retirement obligation, net of current portion	\$ 5,165

Revenue Recognition

The Company's revenue arrangements generally consist of a single performance obligation to transfer goods or services. Revenue from the sale of RNG, CNG and electricity is recognized by applying the "right to invoice" practical expedient within the accounting guidance for *Revenue from Contracts with Customers* that allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice the customer and when the amount for which there is a right to invoice corresponds directly to the value transferred to the customer. For

some public CNG Fueling Stations where there is no contract with the customer, the Company recognizes revenue at the point in time that the customer takes control of the fuel.

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

The Company has agreements with two natural gas producers ("Producers") to transport Producers' natural gas using the Company's RNG gathering system. The performance obligation is the delivery of Producers' natural gas to an agreed delivery point on an interstate gas pipeline. The quantity of natural gas transported for the Producers is measured at a certain specified meter. 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 LCFs for providing these services and recognizes the RINs or LCFs received as a current asset based on their estimated fair value at contract inception. When the Company receives RINs or LCFs as payment for providing credit monetization services, it records the non-cash consideration in environmental credits held for sale within the condensed consolidated balance sheet based on the fair value of RINs or LCFs 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 January 1, 2022. For the three months ended June 30, 2023 and 2022, the Company earned net revenues after discount and fees of \$11,852 and \$16,792, respectively under this contract which was recorded as part of Revenues - RNG fuel and Fuel Station Services. For the six months ended June 30, 2023 and 2022, the Company earned net revenues after discount and fees of \$18,060 and \$29,688, respectively.

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 of LFG collected and the megawatt hours ("MWhs") produced at that site. This revenue is recognized when LFG is collected and renewable power is delivered.

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

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

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

adoption of ASC 842, the Company adopted the practical expedient not to reassess the classification. For additional information on lease revenues earned, please see Note 8. *Leases*.

Disaggregation of Revenue

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Renewable power sales	\$ 8,392	\$ 10,057	\$ 17,996	\$ 17,539
Third party construction	15,093	12,946	22,247	22,816
Service	4,000	4,038	8,904	8,430
Brown gas sales	7,821	6,452	15,351	10,968
Environmental credits	17,691	18,217	30,368	38,795
Parts sales	1,149	491	1,336	977
Operating agreements	—	308	—	893
Other	—	166	—	166
Total revenue from contracts with customers	54,146	52,675	96,202	100,584
Lease revenue	896	542	1,797	1,680
Total revenue	\$ 55,042	\$ 53,217	\$ 97,999	\$ 102,264

For the three months ended June 30, 2023 and 2022, 27.4% and 24.3%, respectively of revenue was recognized over time, and the remainder was for products and services transferred at a point in time. For the six months ended June 30, 2023 and 2022, 22.7% and 22.3%, respectively of revenue was recognized over time, and the remainder was for products and services transferred at a point in time.

Other income

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Loss on warrant exchange	\$ —	\$ —	\$ (338)	\$ —
Gain on deconsolidation of VIEs ⁽¹⁾	122,873	—	122,873	—
Gain on transfer of non-financial asset in exchange for services received ⁽²⁾	236	—	506	—
Other income	\$ 123,109	\$ —	\$ 123,041	\$ —

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

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

Contract Balances

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

	June 30, 2023	December 31, 2022
Accounts receivable, net	\$ 26,821	\$ 31,083
Contract assets:		
Cost and estimated earnings in excess of billings	\$ 9,449	\$ 7,027
Accounts receivable retainage, net	3,064	2,744
Contract assets total	<u>\$ 12,513</u>	<u>\$ 9,771</u>
Contract liabilities:		
Billings in excess of costs and estimated earnings	\$ 6,220	\$ 8,013
Contract liabilities total	<u>\$ 6,220</u>	<u>\$ 8,013</u>

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

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, 2023, the Company had a backlog of \$43,063 which is anticipated to be recognized as revenue in the next 12 months.

Income Taxes

As a result of the Business Combination, the Company is the sole managing member of OPAL Fuels. OPAL Fuels is a limited liability company that is treated as a partnership for U.S. federal income tax purposes and for most applicable state and local income taxes. Any taxable income or loss generated by OPAL Fuels is passed through to and included in the taxable income or loss of its members, including the Company, on a pro-rata basis, subject to applicable tax regulations.

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

Significant Customers, Vendors and Concentration of Credit Risk

For the three and six months ended June 30, 2023, three customers accounted for 47% and 46% of the revenue. For the three and six months ended June 30, 2022, two customers accounted for 48.4% and 45% of the revenue. At June 30, 2023, two customers accounted for 24% of accounts receivable. At December 31, 2022, two customers accounted for 44% of accounts receivable.

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

As of June 30, 2023, two vendors accounted for 45% of the accounts payable. As of December 31, 2022, one vendor accounted for 19% of the accounts payable.

3. Investment in Other Entities

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

Deconsolidation of Emerald and Sapphire

On May 30, 2023, the Company together with a third-party environmental solutions company formed a new joint venture holding company Paragon LLC ("Paragon"). The Company owns 50% of the ownership interest in Paragon. Concurrent to the formation of Paragon, the Company contributed its 50% ownership interests in Emerald and Sapphire to Paragon.

On May 30, 2023, OPAL Fuels Intermediate Holdco 2 LLC ("OPAL Intermediate Holdco 2"), a wholly-owned indirect subsidiary of the Company, assigned to Paragon its rights and obligations under its existing senior secured credit facility, OPAL Term Loan II.

Upon the execution of the above two transactions, the Company reassessed its equity interests in Emerald and Sapphire under ASC 810, *Consolidation* and determined that the Company does not have a controlling financial interest in Paragon under ASC 810 because the governance of the joint venture is driven by a board jointly controlled by the joint venture partner and OPAL equally and there are substantive participating rights held by the joint venture partner in the significant activities of Paragon.

Based on the above analysis, the Company determined that it should account for its ownership interests in Paragon under the equity method of accounting pursuant to ASC 323, *Investments Equity Method and Joint Ventures*, prospectively, as the Company has the ability to exercise significant influence, but not control over the joint venture company.

Prior to May 30, 2023, the Company consolidated these two entities in accordance with the variable interest entity model guidance under ASC 810, *Consolidation*. Additionally, the Company deconsolidated \$2,765 capitalized interest on these two projects. Upon deconsolidation, the Company remeasured the fair value of the retained investment and recognized a gain of \$122,873 in the condensed consolidated statement of operations for the three and six months ended June 30, 2023 and a corresponding increase in its basis in Investment in Other Entities on its condensed consolidated balance sheet as of June 30, 2023. The Company determined that the gain on deconsolidation is attributable to the construction in progress and therefore will be amortized over the useful life of the asset beginning the date the asset is placed in service. The fair value of the retained investment was measured based on a discounted cash flows model in which the future net cash flows from the two RNG facilities were discounted to their present value using a discount factor of 14%.

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

	Pine Bend	Paragon	Noble Road	GREP	Total
Percentage of ownership	50 %	50 %	50 %	20 %	
Balance at December 31, 2022	\$ 22,518	\$ —	\$ 25,165	\$ 4,082	\$ 51,765
Deconsolidation of Emerald and Sapphire	—	34,662	—	—	34,662
Deconsolidation of deferred financing costs and capitalized interest	—	1,383	—	—	1,383
Net income from equity method investment ⁽¹⁾	318	(197)	1,080	(436)	765
Reclassification of adjustments into earnings	—	—	—	(334)	(334)
Distributions from return of investment in equity method investment	(1,000)	(3,585)	(2,650)	(521)	(7,756)
Accumulated other comprehensive income	—	109	—	—	109
Gain on deconsolidation of Emerald and Sapphire ⁽²⁾	—	122,873	—	—	122,873
Amortization of basis difference ⁽¹⁾	(171)	—	(887)	—	(1,058)
Balance at June 30, 2023	\$ 21,665	\$ 155,245	\$ 22,708	\$ 2,791	\$ 202,409

⁽¹⁾ Reflected in Income from equity method investments in the condensed consolidated statement of operations for the three and six months ended June 30, 2023 and 2022.

⁽²⁾ Recorded as part of Other income in our condensed consolidated statement of operations for the three and six months ended June 30, 2023.

Note receivable

In August 2021, the Company acquired 100% ownership interest in Reynolds which held a note receivable of \$10,450 to Biotown. The Note receivable had a maturity date of July 15, 2027 and carried an interest rate of 12.5% 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.

On July 15, 2022, Biotown repaid the total amount outstanding under the Note receivable including paid-in-kind interest and prepayment penalty.

The Note receivable also entitles Reynolds to receive 4.25% of any revenue-based distributions made up to a maximum 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 payment-in-kind interest income of \$81 and \$159 as a reduction to interest and financing expense, net in the condensed consolidated statement of operations for the three and six months ended June 30, 2023, respectively. The Company recorded \$524 and \$746 as a reduction to interest and financing expense, net in its condensed consolidated statement of operations for the three and six months ended June 30, 2022.

The Note receivable - variable fee component of \$2,101 and \$1,942 is recorded as a long-term asset on its condensed consolidated balance sheets as of June 30, 2023 and December 31, 2022, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue	\$ 6,925	\$ 4,793	\$ 14,464	\$ 5,089
Gross profit	8,225	2,603	9,876	1,612
Net loss	(2,686)	(564)	(2,899)	(1,741)
Net (loss) income from equity method investments	\$ (998)	\$ 621	\$ (293)	\$ (36)

4. Property, Plant, and Equipment, Net

Property, plant, and equipment, net, consisted of the following as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Plant and equipment	\$ 204,215	\$ 201,655
CNG/RNG fueling stations	44,057	34,567
Construction in progress ⁽¹⁾	134,719	152,105
Buildings	2,585	2,585
Land	1,303	1,303
Service equipment	2,132	1,888
Leasehold improvements	815	815
Vehicles	255	313
Office furniture and equipment	307	307
Computer software	277	277
Vehicles - finance leases	1,287	1,236
Other	524	487
	<u>392,476</u>	<u>397,538</u>
Less: accumulated depreciation	(104,049)	(100,215)
Property, plant, and equipment, net	<u>\$ 288,427</u>	<u>\$ 297,323</u>

(1) Includes \$4,101 and \$3,081 of capitalized interest on our OPAL Term Loan facility as of June 30, 2023 and December 31, 2022.

As of June 30, 2023, the construction in progress balance consists of our investment in the construction of RNG generation facilities including, but not limited to Prince William, Central Valley RNG projects and RNG dispensing facilities. The majority of these facilities, for which costs are in construction in progress as of June 30, 2023, are expected to be operational during the fourth quarter of 2023 and early 2024. As of December 31, 2022, the construction in progress balance consists of our investment in the construction of RNG generation facilities such as Emerald, Sapphire, Prince William, Central Valley and other RNG dispensing facilities. The decrease in the balance represents deconsolidation of Emerald and Sapphire during the second quarter of 2023.

Depreciation expense on property, plant, and equipment for the three months ended June 30, 2023 and 2022 was \$3,372 and \$3,239, respectively. The depreciation expense for the six months ended June 30, 2023 and June 30, 2022 was \$6,677 and \$6,279, respectively.

5. Intangible Assets, Net

Intangible assets, net, consisted of the following at June 30, 2023 and December 31, 2022:

June 30, 2023

	Cost	Accumulated Amortization	Intangible Assets, Net	Weighted Average Amortization Period (Years)
Power purchase agreements	\$ 8,999	\$ (7,762)	\$ 1,237	18.1
Transmission/distribution interconnection	1,600	(995)	605	15.1
Intellectual property	43	(31)	12	5.0
Total intangible assets	\$ 10,642	\$ (8,788)	\$ 1,854	

December 31, 2022

	Cost	Accumulated Amortization	Intangible Assets, Net	Weighted Average Amortization Period (years)
Power purchase agreements	\$ 8,999	\$ (7,488)	\$ 1,511	18.1
Transmission/distribution interconnection	1,600	(971)	629	15.1
CNG sales contract	807	(799)	8	10.0
Intellectual property	43	(24)	19	5.0
Total intangible assets	\$ 11,449	\$ (9,282)	\$ 2,167	

Amortization expense for the three and six months ended June 30, 2023 was \$153 and \$313, respectively. Amortization expense for the three and six months ended June 30, 2022 was \$282 and \$398, respectively. At June 30, 2023, estimated future amortization expense for intangible assets is as follows:

Six months ended December 31, 2023	\$ 235
Fiscal year:	
2024	267
2025	267
2026	239
2027	238
Thereafter	608
	<u>\$ 1,854</u>

6. Goodwill

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

	RNG Fuel	Fuel Station Services	Total
Balance at December 31, 2022	\$ 51,155	\$ 3,453	\$ 54,608
Balance at June 30, 2023	\$ 51,155	\$ 3,453	\$ 54,608

7. Borrowings

The following table summarizes the borrowings under the various debt facilities as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Senior Secured Credit Facility, term loan	\$ —	\$ 15,250
Less: unamortized debt issuance costs	—	—
Less: current portion	—	(15,250)
Senior Secured Credit Facility, term loan, net of debt issuance costs	—	—
Senior Secured Credit Facility, working capital facility	—	7,500
Less: current portion	—	(7,500)
Senior Secured Credit Facility, working capital facility	—	—
OPAL Term Loan	92,224	96,090
Less: unamortized debt issuance costs	(1,282)	(1,758)
Less: current portion	(27,732)	(27,732)
OPAL Term Loan, net of debt issuance costs	63,210	66,600
Sunoma Loan	23,000	23,000
Less: unamortized debt issuance costs	(883)	(908)
Less: current portion	(1,169)	(380)
Sunoma Loan, net of debt issuance costs	20,948	21,712
Convertible Note Payable	29,671	28,528
Less: current portion	(29,671)	(28,528)
Convertible Note Payable	—	—
Municipality Loan	—	76
Less: current portion	—	(76)
Municipality Loan	—	—
Non-current borrowings total	\$ 84,158	\$ 88,312

As of June 30, 2023, principal maturities of debt are expected as follows, excluding any subsequent refinancing transactions and any undrawn debt facilities as of the date of the condensed consolidated balance sheets:

	OPAL Term Loan	Sunoma Loan	Convertible Note Payable ⁽¹⁾	Total
Six months ending December 31, 2023	\$ 13,866	\$ 380	\$ 29,671	\$ 43,917
Fiscal year:				
2024	27,732	1,608	—	29,340
2025	50,626	1,743	—	52,369
2026	—	1,883	—	1,883
2027	—	17,386	—	17,386
	\$ 92,224	\$ 23,000	\$ 29,671	\$ 144,895

⁽¹⁾ The Convertible Note Payable is redeemable on demand at the option of the Company or the lender.

Senior Secured Credit Facility

On September 21, 2015, FM3, an indirect wholly-owned subsidiary of the Company, entered into a senior secured credit facility (the "Senior Secured Credit Facility") as a borrower and a syndicate of lenders, which provided for an aggregate principal amount of \$150,000, consisting of (i) a term loan of \$125,000, (ii) a working capital letter of credit facility of up to \$19,000 and (iii) a debt service reserve and liquidity facility of up to \$6,000. The Company paid \$14,300 to the lenders in connection with the transaction.

The borrowings under the Senior Secured Credit Facility bear an interest rate of a fixed margin plus the secured overnight financing rate ("SOFR") 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.

On December 19, 2022, FM3 entered into an Omnibus and Consent Agreement (the "FM3 Amendment"). The FM3 Amendment amended the credit agreement, among other things, to (a) extend the maturity date of the obligations thereunder from December 20, 2022 to March 20, 2023, (b) permit OPAL Fuels to purchase the rights and obligations of certain exiting lenders at par, (c) prepay a portion of the outstanding loans made by the remaining lenders and (d) permit the release of certain project company subsidiaries of FM3 from the collateral securing the obligations under the credit agreement. Upon consummation of the FM3 Amendment, the Company repaid \$54,929 of the outstanding term loan. On March 20, 2023, the Company repaid in full the remaining outstanding loan under this facility.

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 three and six months ended June 30, 2023 and 2022, the Company received cash dividends of \$126 and \$126, respectively, which were recorded as credits to interest expense in its condensed consolidated statements of operations. Additionally, the Company recorded \$489 as a long-term asset on its condensed consolidated balance sheets at June 30, 2023 and December 31, 2022, which represents the Company's equity interest in Cobank SCB which will be redeemed for cash beginning in 2024.

OPAL Term Loan

On October 22, 2021, OPAL Fuels Intermediate Holding Company LLC ("OPAL Intermediate Holdco"), an indirect wholly-owned subsidiary of the Company, entered into a \$125,000 term loan agreement (the "OPAL Term Loan") with a syndicate of lenders. Of the \$125,000, the Company had \$90,000 available for borrowing upon closing and the remaining \$35,000 was made available as three more RNG facilities become operational. The OPAL Term Loan is secured by a pledge in the equity interest of Beacon Holdco LLC, OPAL Environmental Credit Marketing LLC, OPAL Fuel Station Services LLC (f/k/a Trustar Energy LLC), New River, OPAL Fuels Services LLC and the Company's share of ownership interests in Pine Bend and Noble Road along with cash bank accounts and a security interest in the Company's environmental credits. The proceeds of the OPAL Term Loan were used for general corporate purposes, including investments in RNG projects being developed by the Company.

As of June 30, 2023 and December 31, 2022, the outstanding loan balance (current and non-current) excluding deferred financing costs was \$92,224 and \$96,090, respectively. During the first quarter of 2023, the Company borrowed the remaining \$10,000 under the debt facility.

The OPAL Term Loan matures April 22, 2025 and bears interest at 3.0% plus SOFR. In accordance with 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 September 2022.

The OPAL Term Loan contains customary warranties and representations and certain financial covenants which require OPAL Intermediate Holdco to maintain (i) minimum liquidity of \$15,000 until March 31, 2022 and \$10,000 thereafter and (ii) a leverage ratio not to exceed 4:1. As of June 30, 2023, the Company is in compliance with the financial covenants under the OPAL Term Loan. Additionally, the OPAL Term Loan contains restrictions on distributions and additional indebtedness.

Sunoma Loan

On August 27, 2020, Sunoma, an indirect wholly-owned subsidiary of the Company entered into a debt agreement (the "Sunoma Loan Agreement") with Live Oak Banking Company for an aggregate principal amount of \$20,000. Sunoma paid \$635 as financing fees. The loan bears interest at the greater of prime rate 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 net worth ratio not to exceed 5:1 (ii) a minimum current ratio not less than 1.0 and (iii) minimum debt service coverage ratio of trailing four quarters not less than 1.25. On July 19, 2022, Sunoma completed the conversion of the construction loan into a permanent loan and increased the commitment from \$20,000 to \$23,000.

The borrowings under the Sunoma Loan Agreement bear interest at a rate of 7.68% and have a maturity date of July 19, 2033. The Company is required to pay a quarterly amortization of principal of \$380 beginning in October 2023. The Company paid \$2,798 into interest and debt reserve accounts. This cash is recorded as Restricted cash - current and non-current under long term assets in the condensed consolidated balance Sheet as of June 30, 2023.

The significant assets of Sunoma are parenthesized in the condensed consolidated balance sheets as June 30, 2023 and December 31, 2022. See Note 12. *Variable Interest Entities* for additional information.

Convertible Note Payable

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

The Convertible Note Payable matures on the earlier of December 31, 2026 or the date on which a change in control occurs as defined in the terms of the Convertible Note. Upon the consummation of the Business Combination, Ares was permitted to choose to convert the total amount outstanding under the Convertible Note to shares of Class A common stock based on a pre-determined conversion formula. Upon completion of the Business Combination in July 2022, Ares elected to convert 50% of the outstanding amount under the Convertible Note to shares of Class A common stock. Therefore the Company issued 3,059,533 shares of Class A common stock and redeemed outstanding debt of \$30,595.

The Company elected to account for the Convertible Note Payable using the fair value option in accordance with ASC 820, *Fair Value Measurement*. 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, 2023 and December 31, 2022, the Convertible Note was classified as a current liability in the condensed consolidated balance sheets at a fair value of \$29,671 and \$28,528, respectively, as it is redeemable on demand by the Company or Ares.

The Company recorded \$580 and \$1,143 for the three and six months ended June 30, 2023, respectively. The Company recorded \$1,090 and \$2,110 as change in fair value of Convertible Note Payable for the three months ended June 30, 2022, respectively as interest and financing expense, net.

Municipality Loan

FM3, an indirect wholly-owned subsidiary of the Company, entered into a loan agreement for the construction of an interconnection that was initially funded by the municipality. The Company made payments to a municipality in the amount of \$1,600 plus interest at a fixed annual rate of 3.00% through April 1, 2023. The loan was fully repaid in April 2023.

OPAL Term Loan II

On August 4, 2022, OPAL Intermediate Holdco 2 entered into a new Senior Secured Credit Facility (the "OPAL Term Loan II") with a syndicate of lenders. The indebtedness is guaranteed by certain of the direct and indirect subsidiaries of OPAL Intermediate Holdco 2. The OPAL Term Loan II provides for an approximately two year delayed term loan facility (the "DDTL Facility") of up to a maximum aggregate principal amount of \$100,000 and debt service reserve facility (the "DSR Facility") of up to a maximum aggregate principal amount of \$5,000. 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. In connection with the transaction, the Company paid \$2,200 as financing fees to the lenders and incurred \$1,376 as third party fees.

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

The Company expensed the remaining deferred financing costs of \$1,895 as loss on debt extinguishment in its condensed consolidated statement of operations for the three and six months ended June 30, 2023. There were no amounts outstanding under the OPAL Term Loan II as of the date of the transaction.

Interest rates

2023

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

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

For the three and six months ended June 30, 2023, the interest rate on the Sunoma Loan was 8.00%.

For the three and six months ended June 30, 2023, the payment-in-kind interest rate on Convertible Note Payable was 8.00%.

For the three and six months ended June 30, 2023, the weighted average interest rate on Municipality loan was 3.00%. The loan was fully repaid in April 2023.

2022

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

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

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

For the three and six months ended June 30, 2022, the payment-in-kind interest rate on Convertible Note Payable was 8.0%.

The following table summarizes the Company's total interest expense for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Senior Secured Credit Facility	\$ —	\$ 862	\$ 282	\$ 1,442
Convertible Note Payable mark-to-market	580	1,090	1,143	2,110
Sunoma Loan	450	401	894	911
OPAL Term Loan ⁽¹⁾	—	887	19	1,743
Commitment fees and other finance fees	184	103	312	204
Amortization of deferred financing cost	345	460	795	898
Interest expense on finance leases	21	7	37	13
Interest income	(624)	(445)	(1,885)	(899)
Total interest expense	<u>\$ 956</u>	<u>\$ 3,365</u>	<u>\$ 1,597</u>	<u>\$ 6,422</u>

⁽¹⁾ Excludes \$1,981 and \$3,785 of interest capitalized and recorded as part of Property, Plant and Equipment for the three and six months ended June 30, 2023, respectively.

8. Leases

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

Lessor contracts

Fuel Provider agreements

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

Power Purchase agreements

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

Included in Fuel Station Service revenues are \$632 and \$1,202 related to the lease portion of the FPAs for the three and six months ended June 30, 2023, respectively. It includes \$526 and \$1,050 related to the lease portion of the FPAs for the three and six months ended June 30, 2022, respectively.

Included in Renewable Power revenues are \$264 and \$595 related to the lease element of the PPAs for the three and six months ended June 30, 2023, respectively. Includes \$16 and \$630 related to the lease element of the PPAs for the three and six ended June 30, 2022, respectively.

Lessee contracts

Ground/Site leases

The Company through various of its indirectly owned subsidiaries holds site leases on landfills/dairy farms to build RNG generation facilities. Typically, the lease payments over the lease term are immaterial except for three of our RNG facilities - Beacon and two sites at our Central Valley project - MS Digester ("MS") and VS Digester ("VS").

- the lease at Beacon facility is for 20 years at a monthly rent of \$11.
- the lease term for MD and VS is for a period of 20 years from their commercial operation date at a quarterly rent of \$125.

Office lease

The Company entered into a lease for office and warehouse space that became effective upon the termination of the original lease term on January 31, 2018. The term of the lease renewal was 36 months and contained an option to renew for an additional 24 months. In September 2020, the Company exercised this option. In March 2022, the Company entered into an amendment to the lease which extended the lease term till January 2026. The rent for the lease is \$26 per month with a built in escalation to \$27 from February 1, 2022 to February 1, 2023, \$43 from February 1, 2023 - February 1, 2024, \$45 from February 1 2024 - February 1, 2025 and \$46 for the remaining lease term. The Company accounted for the change in the lease term as a lease modification and reassessed the right-of-use assets and corresponding lease liabilities as of March 31, 2022.

The Company currently shares office space with Fortistar and reimburses Fortistar on a monthly basis at a predetermined rate. The Company determined that this is not a lease under ASC 842 as there is no identifiable asset and the Company does not have the right to control the use of the office space.

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

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

Based on the above guidance, the lease expense for the site leases is included as part of Cost of sales - RNG Fuel in its condensed consolidated statement of operations for the three and six months ended June 30, 2023 and 2022. The lease expense for the office lease is recorded as part of Selling, general and administrative expenses in its condensed consolidated statement of operations for the three and months ended June 30, 2023 and 2022.

Vehicle leases

The Company leases approximately 65 vehicles in our FM3 and OPAL Fuel Station Services subsidiaries. The leases contain repurchase options at the end of the lease term and the sum total of the lease payments represents substantially the fair value of the asset.

Under ASC 842, the Company determined that the vehicle leases are finance leases. For finance leases, ASC 842 requires recognition of amortization of right-of-use asset as part of depreciation and amortization expense and the interest on the finance lease liability as interest expense in the income statement. The Company accordingly recognized its lease expense on the vehicle leases as part of Depreciation, amortization and accretion expense and interest and financing expense, net in its condensed statement of operations for the three and six months ended June 30, 2023 and 2022.

Lease Disclosures Under ASC 842

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

Right-of-use assets and Lease liabilities as of June 30, 2023 and December 31, 2022 are as follows:

Description	Location in Balance Sheet	June 30, 2023	December 31, 2022
Assets:			
Operating leases ⁽¹⁾ :			
Site leases	Right-of-use assets	\$ 10,251	\$ 10,338
Office lease	Right-of-use assets	1,190	1,406
		11,441	11,744
Finance leases ⁽¹⁾ :			
Vehicle leases	Property, plant and equipment, net	1,287	1,236
		12,728	12,980
Liabilities ⁽¹⁾ :			
Sites leases	Lease liabilities - current portion	192	181
Office lease	Lease liabilities - current portion	489	449
Vehicle leases	Accrued expenses and other current liabilities	455	449
		1,136	1,079
Sites leases	Lease liabilities - non-current portion	10,065	10,135
Office lease	Lease liabilities - non-current portion	859	1,110
Vehicle leases	Other long-term liabilities	856	825
		\$ 11,780	\$ 12,070

⁽¹⁾ The Operating lease right-of-use asset and Operating lease liabilities represent the present value of lease payments for the remaining term of the lease. The discount rate used ranged from 2.30% to 5.40%.

The table below presents components of the Company's lease expense for the three and six months ended June 30, 2023 and 2022:

Description	Location in Statement of Operations	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Operating lease expense for site leases	Cost of sales - RNG Fuel	\$ 263	\$ 261	\$ 526	\$ 524
Operating lease expense for office lease	Selling, general, administrative expenses	121	121	242	242
Amortization of right-of-use assets - finance leases	Depreciation, amortization and accretion expense	141	81	281	164
Interest expense on lease liabilities - finance leases	Interest and financing expense, net	21	7	37	13
		\$ 546	\$ 470	\$ 1,086	\$ 943

The Company does not have material short term lease expense for the three and six months ended June 30, 2023 and 2022.

The Company did not enter into any operating leases greater than 12 months for the three months ended June 30, 2023.

Weighted average remaining lease term (years)	June 30, 2023
Operating leases	18.4 years
Financing leases	2.9 years
Weighted average discount rate	
Operating leases	7.95 %
Financing leases	6.17 %

The table below provides the total amount of lease payments on an undiscounted basis on our lease contracts as of June 30, 2023:

	Site leases	Office leases	Vehicle leases	Total
Discount rate upon adoption	5.4 %	2.3 %	7.6 %	
2023	\$ 522	\$ 261	\$ 519	\$ 1,302
2024	1,044	540	514	2,098
2025	1,044	562	408	2,014
2026	1,044	47	252	1,343
2027 and beyond	17,913	—	23	17,936
	<u>21,567</u>	<u>1,410</u>	<u>1,716</u>	<u>24,693</u>
Present value of lease liability	10,257	1,348	1,311	12,916
Lease liabilities - current portion	192	489	455	1,136
Lease liabilities - non-current portion	10,065	859	856	11,780
Total lease liabilities	<u>\$ 10,257</u>	<u>\$ 1,348</u>	<u>\$ 1,311</u>	<u>\$ 12,916</u>
Discount based on incremental borrowing rate	\$ 11,310	\$ 62	\$ 405	\$ 11,777

9. Derivative Financial Instruments and Fair Value Measurements

Interest rate swaps

During August 2022, the Company entered into two interest rate swaps for the notional amount of \$61,926 of OPAL Term Loan II at a fixed interest rate of 2.47% to hedge the SOFR-based floating interest rate. On August 16, 2022, the Company entered into a swaption for a notional amount of \$13,074 with fixed rate of 2.32% with a maturity date of May 31, 2023. The Company accounted for the swaption as an economic hedge and included the change in the fair market value in the condensed consolidated statement of operations.

The two interest rate swaps were designated and qualified as cash flow hedges. The Company uses interest rate swaps for the management of interest rate risk exposure, as an interest rate swap effectively converts a portion of the Company's debt from a floating to a fixed rate. The interest rate swap is an agreement between the Company and counterparties to pay, in the future, a fixed-rate payment in exchange for the counterparties paying the Company a variable payment. The amount of the net payment obligation is based on the notional amount of the interest rate swap and the prevailing market interest rates. The Company may terminate the interest rate swaps prior to their expiration dates, at which point a realized gain or loss may be recognized, or may be amortized over the original life of the interest rate swap if the hedged debt remains outstanding. The value of the Company's commitment would increase or decrease based primarily on the extent to which interest rates move against the rate fixed for each swap.

The Company records the fair value of the interest rate swap as an asset or liability on its balance sheet. The effective portion of the swap is recorded in Accumulated other comprehensive income.

On May 30, 2023, OPAL Intermediate Holdco 2, assigned to Paragon its rights and obligations under OPAL Term Loan II. Concurrently, the Company terminated the two interest rate swaps outstanding under this loan and received \$812 as settlement from the swap counter party. Paragon entered into four interest rate swaps for a notional amount of \$56,914 at a fixed interest rate of 3.52%. The Company terminated the swaption on the same date.

After the transaction, the Company recognized a gain of \$812 in the condensed consolidated statement of operations for the three and six months ended June 30, 2023 as part of Change in fair value of derivative instruments. The Company received \$136 as settlement from the swaption counter party and recognized \$46 as loss on termination of the swaption as part of change in fair value of derivative instruments. Additionally, the Company recognized \$109 as its share of the Accumulated other comprehensive income from Paragon and increased its basis in equity method investment on its condensed consolidated balance sheet as of June 30, 2023.

The following table summarizes the interest rate swaps in place as of June 30, 2023 and December 31, 2022:

Interest rate swap detail				Notional Amount	
Trade date	Fixed rate	Start date	End date	June 30, 2023	December 31, 2022
August 15, 2022	2.47 %	June 28, 2024	August 4, 2027	\$ —	41,284
August 15, 2022	2.47 %	June 28, 2024	August 4, 2027	—	20,642
				<u>\$ —</u>	<u>\$ 61,926</u>

The location and amounts of interest rate swaps and their fair values in the condensed consolidated balance sheets are:

	June 30, 2023	December 31, 2022	Location of Fair Value Recognized in Balance Sheet
Derivatives designated as economic hedges:			
Current portion of swaption	\$ —	\$ 182	Derivative financial assets, current portion
Derivatives designated as cash flow hedges:			
Long term portion of the interest rate swaps	—	954	Derivative financial assets, non-current
	<u>\$ —</u>	<u>\$ 1,136</u>	

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

	Three Months Ended June 30,		Six Months Ended June 30,		Location of (Loss) Gain Recognized in Operations from Derivatives
	2023	2022	2023	2022	
Interest rate swaps	\$ —	\$ 7	\$ —	\$ 626	
Swaption	20	—	(46)	—	
Net periodic settlements	812	(571)	812	(954)	
	<u>\$ 832</u>	<u>\$ (564)</u>	<u>\$ 766</u>	<u>\$ (328)</u>	Change in fair value of derivative instruments, net

The following table summarizes 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	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets in the Balance Sheet
Balance, June 30, 2023:			
Interest rate swap asset	\$ —	\$ —	\$ —
Swaption asset	—	—	—
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Balance, December 31, 2022:			
Interest rate swap asset	\$ 954	\$ —	\$ 954
Swaption asset	182	—	182
	<u>\$ 1,136</u>	<u>\$ —</u>	<u>\$ 1,136</u>

Commodity swap contracts

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

In December 2018, the Company signed an amendment that converted an existing PPA into a commodity swap contract to allow the Company flexibility to sell the capacity separately and schedule the sale of electricity to independent third parties. Following 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, 2023 and December 31, 2022. There were no new commodity swap contracts entered during the three months ended June 30, 2023.

Trade Date	Period From	Period To	Notional Quantity per Year ("MWh")	Average Contract Price (per MWh)
October 17, 2022	January 1, 2023	December 31, 2024	70,176	\$ 68.50
October 17, 2022	January 1, 2023	December 31, 2024	26,280	\$ 65.50
November 17, 2022	January 1, 2023	December 31, 2024	35,088	\$ 81.50

The following table summarizes the effect of commodity swaps on the condensed consolidated statements of operations for the three and six months ended June 30, 2023 and 2022:

Derivatives not designated as hedging instruments	Location of (loss) gain recognized	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Commodity swaps - realized (loss) gain	Revenues - Renewable power	\$ 509	\$ (224)	\$ 880	\$ (187)
Commodity swaps - unrealized gain (loss)	Revenues - Renewable power	(160)	(102)	762	(936)
Total realized and unrealized gain (loss)	Revenues - Renewable power	\$ 349	\$ (326)	\$ 1,642	\$ (1,123)

The following table summarizes the derivative assets and liabilities related to commodity swaps as of June 30, 2023 and December 31, 2022:

	Fair Value		Location of Fair value recognized in Balance Sheet
	June 30, 2023	December 31, 2022	
Derivatives designated as economic hedges			
Current portion of unrealized gain on commodity swaps	\$ 365	\$ —	Derivative financial asset, current portion
Non-current portion of unrealized gain on commodity swaps	\$ 267	\$ —	Derivative financial asset, non-current portion
Current portion of unrealized loss on commodity swaps	\$ —	\$ (130)	Derivative financial liability, current portion

Other derivative liabilities

The following table summarizes the effect of change in fair value of other derivative liabilities on the condensed consolidated statements of operations for the three and six months ended June 30, 2023 and 2022:

Derivative liability	Three Months Ended June 30,		Six Months Ended June 30,		Location of (Loss) Gain Recognized in Operations from Derivatives
	2023	2022	2023	2022	
Put option to Meteora	\$ —	\$ —	\$ (311)	\$ —	
Sponsor Earnout Awards	(172)	—	138	—	
OPAL Earnout Awards	500	—	4,500	—	
	\$ 328	\$ —	\$ 4,327	\$ —	Change in fair value of derivative instruments, net

Fair value measurements

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

The carrying value of the Company's long-term debt, which are considered Level 2 in the fair value hierarchy, of \$84,158 and \$88,312 as of June 30, 2023 and December 31, 2022, 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 values its energy commodity swap contracts based on the applicable geographical market energy forward curve. The forward curves are derived based on the quotes provided by New York Mercantile Exchange, Amerex Energy Services and Tradition Energy. The Company does not consider that the pricing index used involves significant judgement on the part of management. Therefore, the Company classifies these commodity swap contracts within Level 2 of the valuation hierarchy based on the observable market rates used to determine fair value.

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

The Company accounts for the Convertible Note Payable at fair value at each reporting period. As of June 30, 2023 December 31, 2022, the Company recorded the Convertible Note Payable at par plus accrued interest as it is payable on demand by either party and therefore represents fair value.

The fair value of the Sponsor Earnout Awards as of June 30, 2023 was determined using a Monte Carlo valuation model with a distribution of potential outcomes on a daily basis over the four year post-close period. Assumptions used in the valuation are as follows:

- Current stock price — The Company's closing stock price of \$7.46 as of June 30, 2023;
- Expected volatility —60% based on historical and implied volatilities of selected industry peers deemed to be comparable to our business corresponding to the expected term of the awards;
- Risk-free interest rate — 4.30% based on the U.S. Treasury yield curve in effect at the time of issuance for zero-coupon U.S. Treasury notes with maturities corresponding to the expected 4.1 year term of the earnout period;
- Dividend yield - zero.

The fair value of the OPAL Earnout Awards as of June 30, 2023 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. Assumptions used in the valuation are as follows:

- Current stock price — The Company's closing stock price of \$7.46 as of June 30, 2023;
- Weighted average cost of capital - 16% based on an average of historical volatilities of selected industry peers deemed to be comparable to our business.
- Expected volatility —55% 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 — 5.4% 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 2.0 year term of the earnout period;

- Dividend yield - zero.

There were no transfers of assets between Level 1, Level 2, or Level 3 of the fair value hierarchy as of June 30, 2023.

The Company's assets and liabilities that are measured at fair value on a recurring basis include the following as of June 30, 2023 and December 31, 2022, set forth by level, within the fair value hierarchy:

	Fair value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Asset retirement obligation	\$ —	\$ —	\$ 6,461	\$ 6,461
Convertible Note Payable	—	29,091	—	29,091
Earnout liabilities	—	—	4,153	4,153
Assets:				
Short term investments	16,955	—	—	16,955
Commodity swap contracts	—	632	—	632

	Fair value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Asset retirement obligation	\$ —	\$ —	\$ 6,256	\$ 6,256
Convertible Note Payable ⁽¹⁾	—	28,528	—	28,528
Put option with Meteora	—	—	4,466	4,466
Commodity swap contracts	—	130	—	130
Earnout liabilities	—	—	8,790	8,790
Assets:				
Short term investments	64,976	—	—	64,976
Swaption	—	182	—	182
Commodity swap contracts	—	954	—	954

⁽¹⁾ The fair value of Convertible Note Payable as of December 31, 2022, represents the outstanding principal and paid-in-kind interest. Therefore it did not have any unobservable inputs which required the Company to develop its own assumptions. The methodology for calculating the fair value has changed as of December 31, 2022 as the prepayment penalty was cancelled upon consummation of Business Combination. Therefore, the Convertible Note Payable has been transferred from Level 3 to Level 2.

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, 2023 is included in Note 2, *Summary of Significant Accounting Policies*.

10. Related Parties

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

Sale of non-controlling interests to Related Parties

On November 29, 2021, as part of an exchange agreement, OPAL Fuels issued 14 newly authorized common units and 300,000 Series A-1 preferred units to Hillman in return for Hillman's non-controlling interest in four RNG project subsidiaries for total consideration of \$30,000. Upon the consummation of the Business Combination, the Series A-1 preferred units have been converted to Redeemable preferred non-controlling interests. The Company recorded paid-in-kind preferred dividend of \$675 and \$1,330 for the three and six months ended June 30, 2023, respectively. The Company recorded paid-in-kind preferred dividend of \$607 and \$1,207 for the three and six months ended June 30, 2022,

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

Issuance of Redeemable preferred non-controlling interests

On November 29, 2021, NextEra subscribed for up to 1,000,000 Series A preferred units, which are issuable (in whole or in increments) at the Company's discretion prior to June 30, 2022. During the year ended December 31, 2022, the Company had drawn \$100,000 and issued 1,000,000 Series A preferred units. The Company recorded paid-in-kind preferred dividend of \$2,174 and \$4,282 for the three and six months ended June 30, 2023, respectively. The Company recorded paid-in-kind preferred dividend of \$1,111 and \$1,227 for the three and six months ended June 30, 2022, respectively. Please see Note 13. *Redeemable non-controlling interests, Redeemable preferred non-controlling interests and Stockholders' deficit*, for additional information.

Purchase and sale agreement for environmental attributes

On November 29, 2021, the Company entered into a purchase and sale agreement with NextEra for the environmental attributes generated by the RNG Fuels business. Under this agreement, the Company plans to sell a minimum of 90% of the environmental attributes generated and will receive net proceeds based on the agreed upon price less a specified discount. A specified volume of environmental attributes sold per quarter will incur a fee per environmental attribute in addition to the specified discount. The agreement was effective beginning January 1, 2022. For the three and six months ended June 30, 2023, the Company earned net revenues after discount and fees of \$11,852 and \$18,060, respectively, under this contract which was recorded as part of Revenues - RNG fuel and Fuel Station Services. For the three and six months ended June 30, 2022, the Company earned net revenues after discount and fees of \$16,792 and \$29,688, respectively, under this contract which was recorded as part of Revenues - RNG fuel and Fuel Station Services. Please see Note 2. *Summary of Significant Accounting Policies* for additional information.

Commodity swap contracts under ISDA

The Company entered into an ISDA agreement with NextEra in November 2019. Pursuant to the agreement, the Company enters into commodity swap contracts on a periodic basis. As of June 30, 2023 and December 31, 2022, there were three commodity swap contracts outstanding. The Company records the realized and unrealized gain (loss) on these commodity swap contracts as part of Revenues - Renewable Power. Please see Note 9. *Derivative Financial Instruments and Fair Value Measurements* for additional information. The Company recorded \$1,747 and \$1,243 as revenues earned under the commodity swap contracts for the three months ended June 30, 2023 and 2022. The Company recorded \$3,274 and \$2,269 as revenues earned under the commodity swap contracts for the six months ended June 30, 2023 and 2022.

Purchase of investments from Related Parties

In August 2021, the Company acquired 100% of the ownership interests in Reynolds, an RNG production facility for \$12,020 which was funded with cash on hand. Reynolds held an equity investment of 1,570 Class B units in GREP representing 20% interest for a cash consideration of \$1,570 which owns 50% of Biotown, a power generation facility under development to convert to an RNG facility. The Reynolds transaction was an asset acquisition from an affiliate under common control. The Company accounts for its 20% equity investment in GREP under the equity method. The Company recorded a net loss of \$566 and \$460 as its share of net loss for the three months ended June 30, 2023 and 2022. The Company recorded a net loss of \$436 and \$556 as its share of net loss for the six months ended June 30, 2023 and 2022.

Sales contracts with Related Parties

In August 2020, OFSS contracted with Sunoma to dispense RNG and to generate and market the resulting RINs and LCFS credits created on behalf of the entity. Additionally, OFSS contracted with Pine Bend in December 2020 and Noble Road in March 2021 to provide the same services.

The term of these contracts each runs for a term of 10 years. The Company receives non-cash consideration in the form of RINs or LCFSs for providing these services and recognizes the RINs or LCFSs received as inventory based on their estimated fair value at contract inception. The Pine Bend and Noble road facilities came online in the first and third quarter of 2022. Sunoma came online in the fourth quarter of 2021. For the three months ended June 30, 2023 and 2022, the Company earned environmental processing fees of \$555 and \$242 net of intersegment elimination, under this agreement

which are included in Fuel Station Services revenues in the condensed consolidated statements of operations. For the six months ended June 30, 2023 and 2022, the Company earned environmental processing fees of \$1,141 and \$242 net of intersegment elimination, under this agreement which are included in Fuel Station Services revenues in the condensed consolidated statements of operations.

Service agreements with Related Parties

On December 31, 2020, OPAL Fuels signed a management, operations, and maintenance services agreement (“Administrative Services Agreement”) with Fortistar LLC (“Fortistar”), pursuant to which Fortistar provides management, operations, and maintenance services to the Company. The agreement expires on December 31, 2023, unless termination occurs earlier due to dissolution of the Company or the agreement is terminated by the Company’s secured lenders in certain circumstances. The agreement provides for payment of service fees based on actual time incurred at contractually agreed rates provided for in the Administrative Services Agreement, as well as a fixed annual payment of \$580 per year adjusted annually for inflation. Additionally, the agreement provides for the Company to receive credits for any services provided by the Company’s employees to Fortistar. For the three and six months ended June 30, 2023 and 2022, there have been no material services provided by the Company’s employees to Fortistar.

In June 2021, the company entered into a management services agreement with Costar Partners LLC (“Costar”), an affiliate of Fortistar. Pursuant to the agreement, Costar provides information technology (“IT”) support services, software use, licensing services, management of third party infrastructure and security services and additional IT services as needed by the Company. The agreement provides for Costar to be compensated based on actual costs incurred and licensing fees per user for certain software applications. The agreement expires in June 2024 unless the termination occurs earlier due to dissolution of the Company or it is 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Staffing and management services	\$ 412	\$ 632	\$ 987	\$ 1,105
Rent - fixed compensation	164	91	329	274
IT services	731	546	1,457	1,085
Total	\$ 1,307	\$ 1,269	\$ 2,773	\$ 2,464

As of June 30, 2023 and December 31, 2022, the Company had Accounts payable, related party in the amounts of \$3,707 and \$1,346, 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 first quarter of 2023, the Company changed its internal reporting to its executive leadership team (“Chief Operating Decision Makers”). The internal reporting was changed to provide more visibility into our RNG fuel production and operations and to align fuel dispensing revenues with construction and service of fuel dispensing stations.

Therefore, the Company reclassified the revenues and the corresponding cost of sales for CNG tolling business which were previously presented as part of Revenues - RNG Fuel and Cost of sales - RNG Fuel to Revenues - Fuel station services and Cost of sales - Fuel station services, respectively. The Company also adjusted the revenues and cost of sales for the prior year period presented for comparison purposes. The Company also reclassified general and administrative costs for RNG Fuel from Cost of sale - RNG Fuel to Selling, general and administrative expenses to make the margins across all segments comparable.

For the three months ended June 30, 2023 and 2022, the Company classified revenues from its fuel dispensing business of \$9,400 and \$9,214, respectively, as part of Revenues - Fuel station services. For the six months ended June 30,

2023, the Company classified revenues from fuel dispensing business of \$18,251 and \$19,307, respectively, as part of Revenues - Fuel station services.

For the three months ended June 30, 2023 and 2022, the Company classified cost of sales relating to fuel dispensing business of \$8,302 and \$7,940, respectively as part of Cost of sales - Fuel station services. For the six months ended June 30, 2023 and 2022, the Company classified cost of sales relating to the fuel dispensing business of \$16,824 and \$14,713, respectively as part of Cost of sales - Fuel station services.

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

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

For the three and six months ended June 30, 2023 and 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 and Sunoma were consolidated in its condensed consolidated statement of operations. As of May 30, 2023, the Company deconsolidated Emerald and Sapphire. As a result, the Company consolidated Emerald and Sapphire for the period between January 1, 2023 and May 30, 2023 and recorded its ownership interests in Paragon which includes Emerald and Sapphire as equity method investment for the month of June 2023.

As of June 30, 2023, Central Valley, and Sapphire are not operational. Sunoma became operational in December 2021, Noble Road in January 2022, New River in April 2022 and Pine Bend in September 2022. Emerald completed construction in June 2023 and is expected to begin commercial operations in the third quarter of 2023.

- **Fuel Station Services.** Through its Fuel Station Services segment, the Company provides construction and maintenance services to third-party owners of vehicle Fueling Stations and performs fuel dispensing activities including generation and minting of environmental credits. This segment includes:
 - Service and maintenance contracts for RNG/CNG fueling sites. Includes a manufacturing division that builds Compact Fueling Systems and Defueling systems.
 - Third Party CNG Construction of Fueling Stations - Design/build and serve as general contractor for typically Guarantee Maximum Price or fixed priced contracts for customers usually lasting less than one year.
 - RNG and CNG fuel dispensing stations for vehicle fleets - This includes both dispensing/sale of brown gas and the environmental credit generation and monetization. The Company operates Fueling Stations that dispense gas for vehicles. This also includes the development and construction of these facilities.
- **Renewable Power Portfolio.** The Renewable Power portfolio segment generates renewable power through methane-rich landfills and digester gas collection systems which is then sold to public utilities throughout the United States. The Renewable Power portfolio operates primarily in Southern California.
- **Corporate.** This segment consists of activities managed and maintained at the Company corporate level primarily including but not limited to:
 - Executive, accounting, finance, sales activities such as: payroll, stock compensation expense, travel and other related costs.
 - Insurance, professional fees (audit, tax, legal etc.).

The Company has determined that each of the four operating segments meets the characteristics of a reportable segment under U.S. GAAP. The Company's activities and assets that are not associated with the four reportable segments

are summarized in the "Other" category below. These include corporate investment income, interest income and interest expense, income tax expense, and other non-allocated costs.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Renewable Power	\$ 8,672	\$ 10,451	\$ 18,590	\$ 20,088
RNG Fuel	23,356	22,070	43,089	40,168
Fuel Station Services	34,138	27,822	58,730	51,992
Other ⁽¹⁾	—	91	—	127
Intersegment	(4,199)	(2,424)	(7,946)	(5,022)
Equity Method Investment(s)	(6,925)	(4,793)	(14,464)	(5,089)
	<u>\$ 55,042</u>	<u>\$ 53,217</u>	<u>\$ 97,999</u>	<u>\$ 102,264</u>

⁽¹⁾ Other includes revenues of Fortistar Contracting LLC.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest and Financing Expense, Net:				
Renewable Power	\$ 6	\$ (1,202)	\$ (258)	\$ (2,119)
RNG Fuel	(718)	37	(1,373)	(51)
Fuel Station Services	83	(8)	93	(14)
Corporate	(327)	(2,192)	(59)	(4,238)
	<u>\$ (956)</u>	<u>\$ (3,365)</u>	<u>\$ (1,597)</u>	<u>\$ (6,422)</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Depreciation, Amortization, and Accretion:				
Renewable Power	\$ 1,449	\$ 1,309	\$ 2,901	\$ 3,107
RNG Fuel	2,292	1,694	4,316	2,820
Fuel Station Services	848	637	1,638	1,303
Other ⁽¹⁾	11	31	27	64
Equity Method Investment(s)	(972)	(346)	(1,687)	(573)
	<u>\$ 3,628</u>	<u>\$ 3,325</u>	<u>\$ 7,195</u>	<u>\$ 6,721</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss)				
Renewable Power	\$ (741)	\$ (91)	\$ (1,644)	\$ (2,169)
RNG Fuel	7,291	14,188	8,468	16,106
Fuel Station Services	1,858	(3,605)	1,899	950
Corporate	106,640	(11,455)	98,274	(19,660)
Equity Method Investment(s)	(998)	621	(293)	(36)
	<u>\$ 114,050</u>	<u>\$ (342)</u>	<u>\$ 106,704</u>	<u>\$ (4,809)</u>

	Six Months Ended June 30,	
	2023	2022
Cash paid for Purchases of Property, Plant, and Equipment:		
Renewable Power	\$ —	\$ 1,300
Fuel Station Services	12,356	3,463
RNG Fuel	59,653	49,698
	<u>\$ 72,009</u>	<u>\$ 54,461</u>

	June 30,	December 31,
	2023	2022
Total Assets:		
Renewable Power	\$ 40,948	\$ 43,468
RNG Fuel	282,854	347,750
Fuel Station Services	120,280	119,669
Corporate and other	25,454	82,204
Equity Method Investment(s)	202,409	51,765
	<u>\$ 671,945</u>	<u>\$ 644,856</u>

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, 2023, the Company held equity interests in six VIEs — Sunoma, GREP, Emerald, Sapphire, Paragon and Central Valley. On May 30, 2023, the Company together with a third-party environmental solutions company formed a new joint venture holding company Paragon LLC ("Paragon"). The Company owns 50% of ownership interest in Paragon. Concurrent with the formation of Paragon, the Company contributed its 50% ownership interests in Emerald and Sapphire to Paragon.

Upon the execution of the above the transaction, the Company reassessed its equity interests in Emerald and Sapphire under ASC 810, *Consolidation* and determined that the Company does not have a controlling financial interest in Paragon under ASC 810 because the governance of the joint venture is driven by an independent board jointly controlled by the joint venture partner and OPAL equally and there are substantive participating rights held by the joint venture partner in the significant activities of Paragon.

Based on the above analysis, the Company determined that it should account for its ownership interests in Paragon under the equity method of accounting pursuant to ASC 323, *Investments Equity Method and Joint Ventures*, prospectively, as the Company has the ability to exercise significant influence, but not control over the joint venture company.

Prior to May 30, 2023, the Company consolidated these two entities in accordance with the variable interest entity model guidance under ASC 810, *Consolidation*. As of June 30, 2023, GREP and Paragon were presented as equity method investments and the remaining two VIEs Sunoma and Central Valley are consolidated by the Company.

At December 31, 2022, 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 Sunoma facility. Therefore, the significant assets and liabilities of Sunoma are parenthesized in the condensed consolidated balance sheets as of June 30, 2023 and December 31, 2022.

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

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

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

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

The following table summarizes the major condensed consolidated balance sheet items for consolidated VIEs as of June 30, 2023 and December 31, 2022. The information below is presented on an aggregate basis based on similar risk and reward characteristics and the nature of our involvement with the VIEs, such as:

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

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

	As of June 30, 2023	As of December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 906	\$ 12,506
Accounts receivable, net	846	966
Restricted cash - current	228	6,971
Environmental credits held for sale	29	—
Prepaid expenses and other current assets	186	415
Total current assets	2,195	20,858
Property, plant and equipment, net	27,043	73,140
Restricted cash, non-current	2,790	2,923
Total assets	\$ 32,028	\$ 96,921
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 384	\$ 4,896
Accounts payable, related party	1,108	433
Accrued capital expenses	—	7,821
Accrued expenses	272	646
Sunoma Loan- current portion	1,169	380
Total current liabilities	2,933	14,176
Sunoma loan, net of debt issuance costs	20,948	21,712
Total liabilities	23,881	35,888
Equity		
Stockholders' equity	7,244	34,588
Non-redeemable non-controlling interests	903	26,445
Total equity	8,147	61,033
Total Liabilities and Equity	\$ 32,028	\$ 96,921

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

Common stock

As of June 30, 2023, there are (i) 29,330,115 shares of 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 (“Class B common stock”) issued and outstanding (Shares of Class B common stock do not have any economic value except voting rights as described below) and (iv) no shares of Class C common stock, par value \$0.0001 per share, (“ Class C common stock”) issued and outstanding (shares of Class D common stock do not have any economic value except voting rights as described below)

During the first quarter of 2023, Meteora exercised the put option pursuant to the terms of the forward purchase contract. The Company repurchased 1,635,783 shares at a price of \$10.02 per share. The Company recorded \$11,614 representing the fair value of the treasury stock as part of stockholders' deficit and \$4,777 as an offset to the derivative financial liability, current on its condensed consolidated balance sheet as of June 30, 2023.

In March 2023, the Company issued 49,633 shares to certain warrant holders as consideration for their prior agreement to tender all warrants held by the warrant holders in the Company's voluntary exchange offer which closed on December 22, 2022. The Company recorded \$338 representing the fair value of the shares issued based on the closing price on March 30, 2023 as part of Other income (expense), net.

Redeemable preferred non-controlling interests

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

On November 29, 2021, 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. During the year ended December 31, 2022, the Company had drawn \$100,000 and issued 1,000,000 Series A preferred units.

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

The following table summarizes the changes in the redeemable preferred non-controlling interests which represent Series A and Series A-1 preferred units outstanding at OPAL Fuels level from December 31, 2022 to June 30, 2023:

	Series A-1 preferred units		Series A preferred units		Total
	Units	Amount	Units	Amount	
Balance, December 31, 2022	300,000	\$ 32,736	1,000,000	\$ 105,406	\$ 138,142
Series A units issued by OPAL Fuels	—	—	—	—	—
Paid-in-kind dividends attributable to OPAL Fuels	—	1,105	—	3,556	4,661
Paid-in kind dividends attributable to Class A common stockholders	—	225	—	726	951
Balance, June 30, 2023	300,000	\$ 34,066	1,000,000	\$ 109,688	\$ 143,754

Terms of Redeemable preferred units

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

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

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

Liquidation preference: In the event of liquidation of the Company, each holder of a unit of Series A and Series A-1 is entitled to be paid on pro-rata basis the original issue price of \$100 per unit plus any accrued and unpaid dividends out of

the assets of the Company available for distribution after payment of the Company's debt and liabilities and liquidation expenses.

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

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

1. Using 20-day volume-weighted average price ("VWAP") of the Company's common shares.
2. Otherwise the estimated proceeds to be received by the holder of a common unit if the net assets of the Company were sold at fair market value and distributed.

Redeemable non-controlling interests

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

Redeemable non-controlling interests have been presented as mezzanine equity in the condensed consolidated statements of change in Redeemable non-controlling interests, Redeemable preferred non-controlling interests and stockholders' equity. At each balance sheet date, the Redeemable non-controlling interests are adjusted up to their redemption value if necessary, with an offset in Stockholders' equity. As of June 30, 2023, the Company recorded \$1,068,274 to adjust the carrying value to their redemption value based on a 5 day VWAP of \$7.40 per share.

14. Stock-based compensation

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

On March 31, 2023, the Company issued 196,961 stock options, 888,831 restricted stock units and 274,617 performance units to certain employees of the Company. The fair value of the stock options was determined to be \$5.26 based on Black Scholes model based share price of \$6.97, exercise price of \$6.97, expiration of 10 years, annual risk free interest rate of 4.04% and volatility of 65%. Additionally, the Company issued 135,583 restricted stock units to the board of directors. The total fair value of the equity awards was \$6,955.

A summary of the equity awards under the 2022 Plan for the six months ended June 30, 2023 is as follows:

	Number of Units outstanding	Weighted Average Grant Date Fair Value	Aggregate Fair Value (in thousands)
Restricted Stock Units:			
Unvested awards as of December 31, 2022	422,349	\$ 7.94	
Granted	1,038,347	6.98	
Forfeitures	(41,664)	7.49	
Restricted Stock Units outstanding as of June 30, 2023	1,419,032	\$ 7.25	\$ 10,284
Stock Options:			
Unvested awards as of December 31, 2022	—	—	
Granted	196,961	\$ 5.26	
Stock Options outstanding as of June 30, 2023	196,961	\$ 5.26	\$ 1,036
Performance Stock Units:			
Unvested awards as of December 31, 2022	—		
Granted	274,617	\$ 6.97	
Forfeitures	(4,089)	\$ 6.97	
Performance Stock Units outstanding as of June 30, 2023	270,528	\$ 6.97	\$ 1,886
Total unvested awards outstanding as of June 30, 2023	1,886,521	\$ 7.00	\$ 13,206

Stock-based compensation expense for all stock awards included in Selling, general and administrative expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Stock-based compensation expense	\$ 1,877	\$ 160	\$ 2,848	\$ 320
	\$ 1,877	\$ 160	\$ 2,848	\$ 320

Stock-based compensation expense related to unvested awards yet to be recognized as of June 30, 2023 totaled \$9,726 and is expected to be recognized, on a weighted average basis, over 2.3 years.

15. Net Income (Loss) Per Share

The basic income per share of Class A common stock is computed by dividing the net income (loss) attributable to Class A common stockholders by the weighted average number of Class A common stock outstanding during the period.

The basic income per share for the three and six months ended June 30, 2023 does not include 1,635,783 shares in treasury, 763,908 shares issued and outstanding but are contingent on achieving earnout targets. During the first quarter of 2023, the put option was exercised and 197,258 shares of Class A common stock were cancelled.

Prior to the Business Combination, the membership structure of OPAL Fuels included common units which shared in the profits and losses of OPAL Fuels LLC. The Company analyzed the calculation of earnings per units for periods prior to the consummation of the Business Combination and determined that such information would not be meaningful to the users of these condensed consolidated financial statements. Therefore net income per share information has not been presented for the three and six months ended June 30, 2022.

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

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

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

	Three Months Ended	Six Months Ended
	June 30, 2023	June 30, 2023
Net income attributable to Class A common stockholders	17,924	\$ 16,345
Weighted average number of shares of Class A common stock - basic	26,977,682	27,179,488
Dilutive effect of stock options, restricted stock units, performance units, Convertible note payable, earnout shares, Redeemable preferred non-controlling interests, Redeemable non-controlling interests	270,957	377,212
Weighted average number of shares of Class A common stock - diluted	<u>27,248,639</u>	<u>27,556,700</u>
Net loss per share of Class A common stock		
Basic	\$ 0.66	\$ 0.60
Diluted	\$ 0.66	\$ 0.59

16. Income taxes

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

various tax returns are subject to audit by various tax authorities. Although the Company believes that its estimates are reasonable, actual results could differ from these estimates.

For the three and six months ended June 30, 2023, the Company recorded zero income tax expense. The effective tax rate for the three and six months ended June 30, 2023 was 0%. The difference between the Company's effective tax rate for the three and six months ended June 30, 2023 and the U.S. statutory tax rate of 21% was primarily due to a full valuation allowance recorded on the Company's net U.S. deferred tax assets. The Company did not record a tax provision for the three and six months ended June 30, 2022 primarily due to OPAL Fuels' status as a pass-through entity for U.S. federal income tax purposes. The Company evaluates the realizability of the deferred tax assets on a quarterly basis and establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset may not be realized.

17. Commitments and Contingencies

Letters of Credit

As of June 30, 2023 and December 31, 2022, the Company was required to maintain five and nine standby letters of credit totaling \$1,498 and \$2,292, respectively, to support obligations of certain Company subsidiaries. These letters of credit were issued in favor of a lender, utilities, a governmental agency, and an independent system operator under PPA electrical interconnection agreements, and in place of a debt service reserve. There have been no draws to date on these letters of credit.

Purchase Options

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

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

On May 30, 2023, OPAL Intermediate Holdco 2 assigned to Paragon its rights and obligations under OPAL Term Loan II. Additionally, the Company signed an equity commitment letter up to a maximum of \$2,100, to Paragon relating to its share of equity contribution towards any cost over runs in connection with the construction and completion of Emerald project.

Legal Matters

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

18. Subsequent events

Gas sale and purchase agreement

On August 11, 2023, a wholly-owned subsidiary of the Company entered into a Third Amended and Restated Gas Sale and Purchase Agreement and a Third Amended and Restated Site Lease Agreement (collectively, the "Agreements") with a leading environmental services company. The Agreements, which are effective as of August 11, 2023, provide the Company with the right to purchase landfill gas ("LFG") from a landfill located in Massachusetts, for the purpose of combusting such LFG to generate renewable electricity at the facility (the "Facility") located on the landfill footprint. Per the terms and conditions of the Agreements, the Company will make certain royalty and lease payments. The terms of the Agreements are 20 years from the date the Facility commences operations.

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

In this Management's Discussion and Analysis of Financial Condition and Results of Operations section, references to "OPAL", "we", "us", "our", and the "Company" refer to OPAL Fuels Inc. and its consolidated subsidiaries. The following discussion and analysis should be read in conjunction with the Company's unaudited condensed consolidated financial statements as of June 30, 2023 and for the three and six months ended June 30, 2023 and 2022, and the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K, which was filed with the SEC on March 29, 2023. In addition to historical information, this discussion and analysis includes certain forward-looking statements which reflect our current expectations. The Company's actual results may materially differ from these forward-looking statements.

Overview

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 electricity generated from renewable sources ("Renewable Power") for sale to utilities, (iii) generation and sale of Environmental Attributes (as defined below) 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 LFG and dairy manure as the source of the biogas. In addition, we have recently begun implementing design, development, and construction services for hydrogen Fueling Stations, and we are pursuing opportunities to diversify its sources of biogas to other waste streams. The term "Environmental Attributes" refers to federal, state and local government incentives in the United States, provided in the form of renewable identification numbers ("RINs,") renewable energy credits ("RECs"), low carbon fuel standard ("LCFS") credits, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of renewable energy projects, that promote the use of renewable energy. 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.

Recent developments

On May 30, 2023, the Company together with a third-party environmental solutions company formed a new joint venture holding company Paragon RNG LLC ("Paragon"). The Company owns 50% of the ownership interest in Paragon. Concurrent to the formation of Paragon, the Company contributed its 50% ownership interests in Emerald and Sapphire to Paragon.

On May 30, 2023, OPAL Fuels Intermediate Holdco 2 LLC ("OPAL Intermediate Holdco 2"), a wholly-owned indirect subsidiary of the Company, assigned to Paragon its rights and obligations under its existing senior secured credit facility, OPAL Term Loan II.

Upon the execution of the above two transactions, the Company reassessed its equity interests in Emerald and Sapphire under ASC 810, *Consolidation* and determined that the Company does not have a controlling financial interest in Paragon under ASC 810 because the governance of the joint venture is driven by a board jointly controlled by the joint venture partner and OPAL equally and there are substantive participating rights held by the joint venture partner in the significant activities of Paragon.

Based on the above analysis, the Company determined that it should account for its ownership interests in Paragon under the equity method of accounting pursuant to ASC 323, *Investments Equity Method and Joint Ventures*, prospectively, as the Company has the ability to exercise significant influence, but not control over the joint venture company.

Construction Update

- The Polk County landfill RNG project, owned 100% by OPAL Fuels, started construction in June 2023 and we anticipate commercial operations beginning in the fourth quarter of 2024. This project represents approximately 1.1 million MMBtu of annual nameplate capacity.
- The Emerald RNG project completed construction and will be added to our in-operation portfolio in the third quarter as commissioning is completed. This project represents approximately 1.3 million MMBtu of OPAL Fuels' 50% ownership share of annual nameplate capacity.

- The Prince William RNG project is expected to commence commercial operations in the first quarter of 2024. This project represents approximately 1.7 million MMBtu of annual nameplate capacity which is owned 100% by OPAL Fuels.
- The Sapphire RNG project is expected to commence commercial operations in the first half of 2024. This project represents approximately 800,000 MMBtu for OPAL Fuels' 50% ownership share of annual nameplate capacity.
- We have moved our Northeast landfill RNG conversion project back to our Advanced Development Pipeline. It is being considered as a landfill gas to electric project. This project represents approximately 0.3 million MMBtu of annual nameplate capacity.
- OPAL Fuels' updated share of annual nameplate capacity for our six projects in construction is approximately 5.4 million MMBtu.

Development Update

- We remain on track to place at least 2.0 million MMBtu of RNG projects (representing OPAL Fuels' proportional ownership) into construction in 2023.
- Our Advanced Development Pipeline comprises of 8.1 million MMBtu of feedstock biogas per year, adjusted for Polk moving to our In-Construction portfolio and our Northeast landfill project moving to our Advanced Development Pipeline.

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 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 this report, the COVID-19 pandemic has had a relatively minimal economic impact on our results of operations.

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.

Critical Accounting Policies

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

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. As the discussion and analysis of our financial condition and results of operations are based upon our interim unaudited condensed consolidated financial statements, they do not include all of the information on critical accounting policies normally included in consolidated financial statements. Accordingly, a detailed description of these critical accounting policies and the consolidated financial statements and notes thereto are included in the Company's Annual Report on Form 10-K, which was filed with SEC on March 29, 2023.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and assumptions of the Company relate to the useful lives of property, plant and equipment, fair value of the

deconsolidated VIEs, the value of stock-based compensation and the fair value of derivatives including warrant liabilities, earnout liabilities, put option on a forward purchase agreement, interest rate swaps and commodity swap contracts.

Key Factors and Trends Influencing our Results of Operations

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

Market Demand for RNG

Demand for our converted biogas and associated Environmental Attributes, including RINs and LCFS credits, is heavily influenced by United States federal and state energy regulations together with commercial interest in renewable energy products. Markets for RINs and LCFS credits arise from regulatory mandates that require refiners and blenders to incorporate renewable content into transportation fuels. The EPA annually sets proposed renewable volume obligations ("RVOs") for D3 (cellulosic biofuel with a 60% greenhouse gas ("GHG") reduction requirement) RINs in accordance with the mandates established by the Energy Independence and Security Act of 2007. The EPA set RVOs for 2023 and beyond and the EPA introduced a Set rule in June 2023. This is expected to reduce volatility in RIN pricing for the upcoming three years. 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 CO₂ 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, landfill gas ("LFG"), or the sale of RECs could affect the market for, and the pricing of, the RECs that we 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 become 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, as well as from the construction, fuel supply, and servicing of Fueling Stations for commercial transportation vehicles using natural gas to power their fleets. These revenue sources are presented in our statement of operations under the following captions:

- **RNG Fuel.** The RNG Fuel segment includes RNG supply as well as the associated generation and sale of commodity natural gas and environmental credits, and consists of:
 - RNG Production Facilities – the design, development, construction, maintenance and operation of facilities that convert raw biogas into pipeline quality natural gas; and
 - The Company's interests in both operating and construction projects.

- **Fuel Station Services.** Through its Fuel Station Services segment, the Company provides construction and maintenance services to third-party owners of vehicle Fueling Stations and performs fuel dispensing activities including generation and minting of environmental credits. This segment includes:
 - Manufacturing division that builds Compact Fueling Systems and Defueling systems;
 - Design/Build contracts where the Company serves as general contractor for construction of Fueling Stations, typically structured as Guarantee Maximum Price or fixed priced contracts for customers, generally lasting less than one year;
 - Service and maintenance contracts for RNG/CNG Fueling Stations; and
 - RNG and CNG Fuel Dispensing Stations - This includes both the dispensing (or sale) of RNG, commodity natural gas, and environmental credit generation and monetization. The Company operates Fueling Stations that dispense both CNG and RNG fuel for vehicles.
- **Renewable Power Portfolio.** The Renewable Power portfolio segment generates renewable power through combustion of biogas from landfills and digester gas collection systems which is then sold to public utilities throughout the United States. The Renewable portfolio operates primarily in Southern California.

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

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

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

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

Results of Operations for the three and six months ended June 30, 2023 and 2022:

Operational data

The following table summarizes the operational data achieved for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
RNG Fuel volume produced (Million MMBtus)	0.6	0.5	1.2	0.9
RNG Fuel volume sold (Million GGEs)	11.0	7.2	19.3	13.3
Total volume delivered (Million GGEs)	35.5	26.9	67.9	52.5

RNG projects

Below is a table setting forth the RNG projects in operation and construction in our portfolio:

	OPAL's Share of Design capacity (MMbtus per year) ⁽¹⁾	Source of bio gas	Ownership ⁽²⁾
RNG projects in operation:			
Greentree	1,061,712	LFG	100%
Imperial	1,061,712	LFG	100%
New River	663,570	LFG	100%
Noble Road ⁽³⁾	464,499	LFG	50%
Pine Bend ⁽³⁾	424,685	LFG	50%
Biotown ⁽³⁾	48,573	Dairy	10%
Sunoma	192,350	Dairy	90%
Sub total	3,917,101		
RNG projects in construction:			
Emerald ^{(3) (4)}	1,327,140	LFG	50%
Prince William	1,725,282	LFG	100%
Hilltop	255,500	Dairy	100%
Vander Schaaf	255,500	Dairy	100%
Polk County	1,060,000	LFG	100%
Sapphire ⁽³⁾	796,284	LFG	50%
Sub total	5,419,706		
Total	9,336,807		

⁽¹⁾ Design capacity may not reflect actual production of RNG from the projects, which will depend on many variables including, but not limited to, quantity and quality of the biogas, operational up-time of the facility, and actual productivity of the facility.

⁽²⁾ Certain projects have provisions that will adjust, or "flip," the percentage of distributions to be made to us over time, typically triggered by achievement of hurdle rates that are calculated as internal rates of return on capital invested in the project.

⁽³⁾ We record our ownership interests in these projects as equity method investments in our condensed consolidated financial statements.

⁽⁴⁾ Emerald completed construction in June 2023 and is expected to complete commissioning in the third quarter of 2023.

Renewable Power Projects

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

	Nameplate capacity (MW per hour) ⁽¹⁾	RNG conversion candidate	Stage of RNG conversion
California 1	5.2	Yes	In Development
California 3	3.0	No	N/A
California 4	3.2	No	N/A
California 5	1.8	No	N/A
California 6	1.6	No	N/A
California 7	6.5	No	N/A
California 8	6.5	No	N/A
Florida	2.9	No	N/A
Massachusetts 2	3.6	No	N/A
Michigan 1E ⁽²⁾	28.9	Yes	In Construction
Michigan 3	6.3	Yes	N/A
New York	5.9	No	N/A
North Carolina 1	14.4	Yes	In Development
Pennsylvania	8.0	No	N/A
Prince William 1E ⁽³⁾	1.9	Yes	In Construction
Prince William 2E ⁽⁴⁾	4.8	Yes	In Construction
Virginia - Richmond	8.0	Yes	In Development
Total	112.5		

⁽¹⁾ Nameplate capacity is the maximum permitted output for each facility and may not reflect actual MW production from the projects, which depends on many variables including, but not limited to, quantity and quality of the biogas, operational up-time of the facility, and actual productivity of the facility.

⁽²⁾ It is currently contemplated that the Michigan 1E renewable power plant will continue limited operations on a stand-by, emergency basis through March of 2031.

⁽³⁾ See RNG Projects Table above, reference "Prince William" under "RNG Projects In Construction." It is currently contemplated that the Prince William 1E renewable power plant will continue operations through approximately December 2023.

⁽⁴⁾ See RNG Projects Table above, reference "Prince William" under "RNG Projects In Construction." It is currently contemplated that the Prince William 2E renewable power plant will continue operations through approximately December 2023.

Comparison of the Three and Six Months Ended June 30, 2023 and 2022

The following table presents the period-over-period change for each line item in the Company's statement of operations for the three and six months ended June 30, 2023 and 2022.

<i>(in thousands)</i>	Three Months Ended June 30,		\$	%	Six Months Ended June 30,		\$	%
	2023	2022			Change	Change		
Revenues:								
RNG fuel	\$ 16,431	\$ 16,459	\$ (28)	— %	\$ 28,625	\$ 31,508	\$ (2,883)	(9)%
Fuel station services	29,956	26,730	3,226	12 %	50,784	51,604	(820)	(2)%
Renewable Power	8,655	10,028	(1,373)	(14)%	18,590	19,152	(562)	(3)%
Total revenues	55,042	53,217	1,825	3 %	97,999	102,264	(4,265)	(4)%
Operating expenses:								
Cost of sales - RNG fuel	7,884	8,457	573	7 %	15,407	16,171	764	5 %
Cost of sales - Fuel station services	27,476	23,630	(3,846)	(16)%	47,768	43,293	(4,475)	(10)%
Cost of sales - Renewable power	8,761	7,540	(1,221)	(16)%	17,139	15,948	(1,191)	(7)%
Selling, general, and administrative	13,663	7,955	(5,708)	(72)%	28,135	18,810	(9,325)	(50)%
Depreciation, amortization, and accretion	3,628	3,325	(303)	(9)%	7,195	6,721	(474)	7 %
Total expenses	61,412	50,907	10,505	(21)%	115,644	100,943	14,701	(15)%
Operating (loss) income	(6,370)	2,310	(8,680)	(376)%	(17,645)	1,321	(18,966)	(1436)%
Other income (expense)								
Interest and financing expense, net	(956)	(3,365)	2,409	72 %	(1,597)	(6,422)	4,825	75 %
Loss on debt extinguishment	(1,895)	—	(1,895)	(100)%	(1,895)	—	(1,895)	(100)%
Change in fair value of derivative instruments, net	1,160	92	1,068	1161 %	5,093	328	4,765	1453 %
Other income	123,109	—	123,109	100 %	123,041	—	123,041	100 %
(Loss) income from equity method investments	(998)	621	(1,619)	(261)%	(293)	(36)	(257)	(714)%
Net income (loss) before provision for income taxes	114,050	(342)	114,392	33448 %	106,704	(4,809)	111,513	2319 %
Provision for income taxes	—	—	—	— %	—	—	—	— %
Net income (loss)	114,050	(342)	114,392	33448 %	106,704	(4,809)	111,513	2319 %
Net income (loss) attributable to redeemable non-controlling interests	93,460	(1,803)	95,263	5284 %	85,227	(6,745)	91,972	1364 %
Net loss attributable to non-redeemable non-controlling interests	(183)	(257)	74	29 %	(480)	(499)	19	4 %
Paid-in-kind preferred dividends	2,849	1,718	1,131	66 %	5,612	2,435	3,177	130 %
Net income attributable to Class A Common stockholders	17,924	—	17,924	100 %	16,345	—	16,345	100 %

Revenues

RNG Fuel

Revenue from RNG Fuel remained flat for the three months ended June 30, 2023 compared to the three months ended June 30, 2022.

Revenue from RNG Fuel decreased by \$2.9 million, or 9%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. The decrease is primarily due to a decrease of \$12.6 million from lower volumes of RINs and LCFSSs sold as the Company made a decision to hold the RINs and LCFSSs as inventory at hand due to current pricing

levels coupled with a decrease in brown gas sales due to lower pricing, offset by an increase in green attribute revenues of \$9.7 million.

Fuel Station Services

Revenue from Fuel Station Services increased by \$3.2 million, or 12%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This is primarily due to an increase in construction revenues by \$2.0 million, \$0.3 million in RIN and LCFS sales and service revenues, \$0.4 million in brown gas sales and \$0.5 million from sale of a compact fueling station.

Revenue from Fuel Station Services decreased by \$0.8 million, or 2%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This was primarily attributable to decrease in fuel revenues by \$1.8 million due to holding of all in house generated environmental credits minted but not sold in inventory as of June 30, 2023 offset by \$0.4 million increase in service revenues from increase in number of sites and \$0.6 million in construction revenues.

Renewable Power

Revenue from Renewable Power decreased by \$1.4 million, or 14%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This is primarily due to loss of revenues of \$1.0 million from the planned shut down of one Renewable Power facility in September 2022 and \$0.4 million in operations and maintenance revenues from one Renewable Power facility.

Revenue from Renewable Power decreased by \$0.6 million, or 3%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This change was attributable primarily to loss of revenues of from the planned shut down of one Renewable Power facility.

Cost of sales

RNG Fuel

Cost of sales from RNG Fuel decreased by \$0.6 million, or 7%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This is primarily due to the decrease in start up costs in New river and Sunoma compared to the same period prior year.

Cost of sales from RNG Fuel decreased by \$0.8 million, or 5%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This is primarily from decrease in royalty expense because of lower environmental credit sales.

Fuel Station Services

Cost of sales from Fuel Station Services increased by \$3.8 million, or 16%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This is primarily due to an increase of \$2.2 million in construction costs corresponding to the increase in construction revenues, \$1.4 million in dispensing fees due to higher volumes from more dispensing contracts offset by \$0.3 million decrease in fuel sales expenses due to lower market pricing of brown gas.

Cost of sales from Fuel Station Services increased by \$4.5 million, or 10%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This change was attributable primarily to an increase in dispensing fees, service costs and increased fuel dispensing costs from market price on brown gas.

Renewable Power

Cost of sales from Renewable Power increased by \$1.2 million, or 16%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This is primarily due to increase in major maintenance costs and unplanned maintenance at three of our Renewable Power facilities.

Cost of sales from Renewable Power increased by \$1.2 million, or 7%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This is primarily due to increase in major maintenance costs and unplanned maintenance at 3 of our Renewable Power facilities.

Selling, general, and administrative

Selling, general, and administrative expenses increased by a total of \$5.7 million, or 72%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This is primarily due to an increase of \$1.7 million in stock-based compensation expense, \$0.4 million in insurance expense from directors and officers insurance after the Company went public in third quarter of 2022 and \$1.2 million increase in compensation costs.

Selling, general, and administrative expenses increased by a total of \$9.3 million, or 50%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This is primarily due to increase in costs from compensation and benefits by \$2.9 million, bad debt of \$0.5 million, stock-based compensation expense of \$2.5 million, \$0.3 million in legal fees and directors and officers insurance of \$0.8 million.

Depreciation, amortization, and accretion

Depreciation, amortization, and accretion marginally increased by a total of \$(0.3) million, or (9)%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022.

Depreciation, amortization, and accretion marginally increased by a total of \$0.5 million, or 7%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022.

Interest and financing expense, net

Interest and financing expenses, net decreased by \$2.4 million, or 72%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This is primarily due to savings in interest costs from repayment of outstanding debt under Senior Secured Facility and capitalization of interest on OPAL Term Loan on cash spent on construction of RNG facilities.

Interest and financing expenses, net decreased by \$4.8 million, or 75%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This is primarily because of higher capitalization of interest on OPAL term loan of \$3.8 million for RNG projects in 2023. Additionally, \$54.9 million of Senior Secured Facility was repaid in fourth quarter of 2022 and the remaining balance was fully repaid in March 2023. The interest savings on the Senior Secured Facility was \$1.8 million offset by an increase in amortization of deferred financing costs on OPAL Term Loan II of \$0.5 million.

Loss on debt extinguishment

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

The Company expensed the remaining deferred financing costs of \$1,895 as loss on debt extinguishment in its condensed consolidated statement of operations for the three and six months ended June 30, 2023. There was no loss on debt extinguishment for the three and six months ended June 30, 2022.

Change in fair value of derivatives, net

Change in fair value of derivatives, net increased by \$1.1 million, or 1161%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This is primarily attributable to \$0.8 million gain recorded on termination of interest rate swaps on OPAL Term Loan II and \$0.3 million gain on decrease in earnout liabilities.

Change in fair value of derivatives, net increased by \$4.8 million, or 1453%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This is primarily attributable to \$4.6 million change in fair of value of Earnout Liabilities offset by negative change in fair value of the Meteora put option by \$0.3 million.

Other income

Other income increased by \$123.1 million, or 100%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This is primarily attributable to \$122.9 million gain recorded on deconsolidation of Emerald and Sapphire and \$0.5 million higher gain on transfer of non-financial assets to a vendor.

Other income increased by \$123.1 million, or 100%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This is primarily attributable to \$122.9 million gain recorded on deconsolidation of VIEs and \$0.5 million higher gain on transfer of non-financial assets to a vendor.

(Loss) income from equity method investments

Net loss attributable to equity method investments increased by \$1.6 million, or 261%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This change was attributable to net loss in Emerald, Sapphire, GREP, amortization of basis difference on Pine Bend and Noble Road partially offset by increase in net income from Pine Bend, Noble Road.

Net loss attributable to equity method investments increased by \$0.3 million or 714% for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This change was attributable to net loss in Emerald, Sapphire, GREP, amortization of basis difference on Pine Bend and Noble Road partially offset by increase in net income from Pine Bend and Noble Road.

Net income attributable to redeemable non-controlling interests

Net income attributable to redeemable non-controlling interests increased by \$95.3 million or 5284%. The net income for the three months ended June 30, 2023 and 2022 reflects the portion of earnings belonging to OPAL Fuels equity holders.

Net income attributable to redeemable non-controlling interests increased by \$92.0 million or 1364% and reflects the portion of earnings belonging to OPAL Fuels equity holders.

Net loss attributable to non-redeemable non-controlling interests

Net loss attributable to non-redeemable non-controlling interests for the three months ended June 30, 2023 decreased marginally compared to three months ended June 30, 2022. This reflects the joint venture partners' loss in certain RNG facilities in which we sold a portion of our ownership interests but are consolidated in our financial statements. These entities for the three months ended June 30, 2023 and 2022, were Sunoma and Central Valley and two months of Emerald and Sapphire.

Net loss attributable to non-redeemable non-controlling interests for the six months ended June 30, 2023 decreased marginally compared to six months ended June 30, 2022. This reflects the joint venture partners' loss in certain RNG facilities in which we sold a portion of our ownership interests but are consolidated in our financial statements. These entities for the six months ended June 30, 2023 and 2022, were Sunoma and Central Valley and five months of Emerald and Sapphire.

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 OPAL Fuels. 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. Upon completion of the Business Combination, these were converted to redeemable preferred non-controlling interests.

Redeemable preferred non-controlling interests 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 dividend payable of \$2.8 million and \$5.6 million for the three and six months ended June 30, 2023, respectively as to be paid-in-kind. The Company recorded the dividend payable of \$1.7 million and \$2.4 million for the three and six months ended June 30, 2022, respectively as to be paid-in-kind.

Liquidity and Capital Resources***Liquidity***

As of June 30, 2023, our liquidity consisted of cash and cash equivalents including restricted cash of \$27.1 million and \$17.0 million of short term investments. This compares to \$181 million at March 31, 2023, consisting of \$39.8 million of Cash and cash equivalents, including restricted cash of \$6.6 million, \$37 million in short-term investments, and availability of \$105 million under OPAL Term Loan II. The primary driver of this reduction is attributed to the assignment of the term loan facility to Paragon as part of the deconsolidation of the Emerald and Sapphire projects. This

also reflects a reduction of \$11.9 million of cash that is now excluded from consolidated Cash and cash equivalents as a result of the deconsolidation.

The cash that was deconsolidated and the available funds under the facility remain available for these projects. Paragon was assigned the existing senior credit facility which is collateralized by these projects which with a two-year delayed term and maximum principal amount of \$85.0 million and a debt reserve facility up to \$10.0 million.

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

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

As of June 30, 2023, we had total indebtedness excluding deferred financing costs of \$144.9 million in principal amount which primarily consists of \$29.7 million under the Convertible Note Payable, \$92.2 million under the OPAL Term Loan and \$23.0 million under Sunoma Loan.

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

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

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

Cash Flows

The following table presents the Company's cash flows for the six months ended June 30, 2023 and 2022:

<i>(in thousands)</i>	Six Months Ended June 30,	
	2023	2022
Net cash provided by (used in) from operating activities	\$ 7,786	\$ (9,275)
Net cash (used in) from investing activities	(28,180)	(54,461)
Net cash (used in) provided by from financing activities	(29,701)	121,961
Net increase in cash, restricted cash, and cash equivalents	\$ (50,095)	\$ 58,225

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the six months ended June 30, 2023 was \$7.8 million, an increase of \$17.1 million compared to net cash used in operations of \$9.3 million for the six months ended June 30, 2022. The increase in cash provided by operating activities was attributable to an increase in net income and positive working capital changes primarily from decrease in accounts receivable.

Net Cash Used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2023 was \$28.2 million, a decrease of \$26.3 million compared to the \$54.5 million used in investing activities for the six months ended June 30, 2022. This was primarily driven by decrease in cash invested in short term investments of \$48.0 million, deconsolidation of VIEs net cash of \$11.9 million and distribution from equity method investment of \$7.8 million offset by payments made for the construction of various RNG generation and dispensing facilities of \$72.0 million.

Net Cash Provided by Financing Activities

Net cash used in financing activities for the six months ended June 30, 2023 was 29.7 million, a decrease of \$151.7 million compared to the \$122.0 million provided from financing activities for the six months ended June 30, 2022. This was primarily driven by repayments of \$23.2 million of Senior Secured Facility, \$13.8 million of the OPAL Term Loan, \$16.4 million for repurchase of shares from the exercise of the put option offset by proceeds from OPAL Term Loan of \$10.0 million. Additionally, the Company received \$12.8 million from non-redeemable non-controlling interests and \$0.8 million as reimbursement of deferred financing costs from a joint venture partner.

Capital expenditures and other cash commitments

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

As of June 30, 2023, we anticipate spending \$115.4 million in capital expenditures for the next 12 months. These expenditures do not include any expected contributions from our joint venture and non-controlling interest partners and primarily relate to our development and construction of new renewable energy facilities and the purchase of equipment used in our Fueling Station services and Renewable Power operations.

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Based on that evaluation of our disclosure controls and procedures as of June 30, 2023, our Co-Chief Executive Officers and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were

ineffective for the period covered by this report based on the material weakness in our internal control over financial reporting described below.

Previously Reported Material Weakness

In connection with the preparation and audit of our consolidated financial statements for each of the years ended December 31, 2022 and 2021, material weaknesses were identified in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of its annual or interim consolidated financial statements will not be prevented, or detected and corrected, on a timely basis.

The material weaknesses identified were as follows:

- There is a lack of an adequate control environment, including internal communications, to allow for timeliness of reviews for the accounting and disclosures of significant and unusual transactions and contracts;
- We did not have timely and effective reviews over standard account reconciliations and related accounting analysis which resulted in various audit adjustments that we corrected; and
- Review controls over application of ASC-606 were not designed and implemented appropriately during the current year.

We performed additional analysis and procedures with respect to accounts impacted by the material weakness in order to conclude that our consolidated financial statements in this report, and for the three and six months ended June 30, 2023 and 2022, are fairly presented, in all material respects, in accordance with GAAP.

Under “*Changes in Internal Controls over Financial Reporting*” and “*Remediation Plans*” below, we describe our remediation plan to address the identified material weakness.

Management's Quarterly Report on Internal Control over Financial Reporting

This Quarterly Report on Form 10-Q does not include a report of management's assessment regarding internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) or an attestation report of our independent registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Changes in Internal Controls over Financial Reporting

The design and implementation of internal controls over financial reporting for the Company subsequent to the Business Combination has required and will continue to require significant time and resources from management and other personnel. The changes to our internal control over financial reporting commenced during the period covered by this report and after will materially affect, or are reasonably likely to materially affect, our internal control over financial reporting by establishing new controls and procedures appropriate to the operating business we have become as a result of the Business Combination.

Remediation Plans

We have developed and begun executing on a plan to remediate these material weaknesses. During 2022, we remediated one material weakness from the prior year. We hired additional accounting and financial reporting personnel with appropriate technical accounting knowledge and public company experience in financial reporting; we continue to implement formal processes, policies and procedures supporting our financial close process, including creating standard balance sheet reconciliation templates and journal entry controls; and designing and implementing controls to formalize roles and review responsibilities to align with our team's skills. Additionally, we strengthened our controls around segregation of duties, access controls in our financial reporting system and disabled the functionality for the same employee to prepare and post journal entries. We have implemented controls to ensure that account reconciliations are reviewed by an independent person who has technical knowledge and financial reporting competence.

While we believe these efforts are likely to remediate the material weaknesses identified, we may not be able to complete our evaluation, testing or any required remediation in a timely fashion, or at all. The effectiveness of our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in

decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. If we are unable to remediate the material weaknesses identified, our ability to record, process and report financial information accurately, and to prepare financial statements within the time periods specified by the forms of the SEC, could be adversely affected which, in turn, may adversely affect our reputation and business and the market price of our securities, including the Class A common stock. In addition, any such failures could result in litigation or regulatory actions by the SEC or other regulatory authorities, loss of investor confidence, delisting of our securities and harm to our reputation and financial condition, or diversion of financial and management resources from the operation of our business.

Part II - Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes from the “Risk Factors” previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 29, 2023. The risks described in the Annual Report on Form 10-K for the year ended December 31, 2022 are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

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

Unregistered Sales of Equity Securities

On March 30, 2023, we issued an aggregate of 49,633 shares of Class A common stock to certain accredited entities and managed accounts for which Encompass Capital Advisors LLC exercises investment discretion (the “Investors”) pursuant to a securities purchase agreement (the “Purchase Agreement”) with the Investors. The shares of Class A common stock were issued to the Investors as consideration for their prior agreement to tender all warrants held by the Investors in our voluntary warrant exchange offer which closed on December 22, 2022, as further described in the form of Purchase Agreement filed as Exhibit 10.1 to our Current Report on Form 8-K filed on April 5, 2023. The Class A common stock was sold and issued without registration under the Securities Act, in reliance on the exemptions provided by Section 4(a)(2) of the Securities Act as a transaction not involving a public offering and Rule 506 promulgated under the Securities Act as sales to accredited investors, and in reliance on similar exemptions under applicable state laws.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the fiscal quarter ended June 30, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Gas sale and purchase agreement

On August 11, 2023, a wholly-owned subsidiary of the Company entered into a Third Amended and Restated Gas Sale and Purchase Agreement and a Third Amended and Restated Site Lease Agreement (collectively, the "Agreements") with a leading environmental services company. The Agreements, which are effective as of August 11, 2023, provide the Company with the right to purchase LFG from a landfill located in Massachusetts, for the purpose of combusting such LFG to generate renewable electricity at the facility (the "Facility") located on the landfill footprint. Per the terms and conditions of the Agreements, the Company will make certain royalty and lease payments. The terms of the Agreements are 20 years from the date the Facility commences operations.

The representations, warranties and covenants contained in the Agreements were made solely for the benefit of the parties to the Agreements and may be subject to limitations agreed upon by the contracting parties. The foregoing description of the Third Amended and Restated Gas Sale and Purchase Agreement is qualified in its entirety by reference to the full text of the Third Amended and Restated Gas Sale and Purchase Agreement, a copy of which is filed as Exhibit 10.5 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

Item 6. Exhibits

Exhibit Index

Exhibit Number	Description
3.1*	Restated Certificate of Incorporation of OPAL Fuels Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K/A filed by the Company on August 10, 2022).
3.2*	Bylaws of OPAL Fuels Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed by the Company on July 27, 2022).
10.1*	Securities Purchase Agreement, dated March 30, 2023, by and between OPAL Fuels Inc. and purchasers named therein (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on April 5, 2023).
10.2†**	Landfill Gas Purchase and Sale Agreement dated April 13, 2023 (effective as of March 13, 2023) (incorporated by reference to 10.2 to the registrant's Quarterly Report on Form 10Q filed with SEC on May 15, 2023).
10.3†**	Piggyback Agreement for Landfill Gas Purchase Agreement dated May 2, 2023 (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q filed with SEC on May 15, 2023).
10.4*	Amended and Restated Credit and Guaranty Agreement, dated May 30, 2023, among Paragon RNG LLC as Borrower, the Guarantors, the lenders thereto, Bank of Montreal as the administrative agent, Wilmington Trust as collateral agent and BMO Capital Markets Corp., Investec Inc. and Comerica Bank as joint lead arrangers (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on June 2, 2023).
10.5†#	Third Amended and Restated Gas Sale and Purchase Agreement, dated August 11, 2023.
31.1	Certification of Co-Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Co-Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Co-Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Co-Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Previously filed.

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

† Certain of the schedules and exhibits to this exhibit have been omitted pursuant to Regulation S-K Item 601(a)(5). The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon its request.

Certain confidential information contained in this document has been redacted in accordance with Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURES

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

Date: August 14, 2023

OPAL Fuels Inc.

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

OPAL Fuels Inc.

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

OPAL Fuels Inc.

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

PORTIONS OF INFORMATION CONTAINED IN THIS AGREEMENT HAVE BEEN
EXCLUDED FROM THIS AGREEMENT BECAUSE THEY ARE BOTH NOT MATERIAL AND
THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.
EXCLUDED INFORMATION IS MARKED AS [***] BELOW

Execution Version

**THIRD AMENDED AND RESTATED
GAS SALE AND PURCHASE AGREEMENT**

[*]**

and

Fall River Renewable Power LLC

**THIRD AMENDED AND RESTATED
GAS SALE AND PURCHASE AGREEMENT**

THIS THIRD AMENDED AND RESTATED GAS SALE AND PURCHASE AGREEMENT (this “Agreement”), dated as of August 11, 2023 (the “Effective Date”), is entered into by and between [***] (“Seller”), and **Fall River Renewable Power LLC** (formerly known as Fall River RNG LLC), a Delaware limited liability company (“Buyer”).

RECITALS

A. Seller is the owner of the Collection System (as defined in Article 1) and the owner/operator of the Landfill (as defined in Article 1) and extracts, collects, and has the right to sell Landfill Gas (as defined in Article 1).

B. Seller and GRS executed and delivered the Second Amended and Restated GSPA (as defined in Article 1) and the Second Amended and Restated Site Lease (as defined in Article 1) to process, generate and sell renewable natural gas from the Facility (as defined in Article 1).

C. Due to certain permitting and/or approval issues with respect to the Facility processing and generating renewable natural gas, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, Landfill Gas available for use in the Facility for the purpose of combusting such Landfill Gas to generate electricity for sale to creditworthy third parties, in accordance with the terms and conditions set forth herein.

D. Seller and Buyer desire to execute and deliver this Agreement and the Site Lease (as defined in Article 1) to establish that the purpose of the Facility will be to combust Landfill Gas to generate electricity in accordance with this Agreement, rather than to process, generate and sell renewable natural gas as was contemplated by the Second Amended and Restated GSPA and the Second Amended and Restated Site Lease.

TERMS AND CONDITIONS

NOW, THEREFORE, for valuable consideration, the parties hereto agree as follows:

**Article 1
Definitions**

The following words and terms shall have the meanings specified in this Article 1 when used in this Agreement, unless a different meaning is apparent from the context. The meanings specified are applicable to both the singular and the plural and to the masculine and feminine forms.

1.1 “Affiliate” means any person that controls or is controlled by, or is under common control with, a party hereto, with the word “control” (and correspondingly, “controlled by” and “under control with”), as used with respect to any Person, meaning (a) ownership of more than fifty percent (50%) of all the voting stock of any corporation, or more than fifty percent (50%) of all of the legal and equitable interest in any other business entity, or (b) the possession of the power to direct or cause the direction of the day-to-day management and policies of such Person.

1.2 “Agreement” shall have the meaning set forth in the preamble to this Agreement.

1.3 “Applicable Laws” means any and all applicable federal, state, county and local laws, statutes, rules, regulations, licenses, ordinances, judgments, orders, decrees, directives,

guidelines or policies (to the extent mandatory), permits, licenses and other governmental and regulatory approvals and authorizations, including, without limitation, any and all environmental laws, or any similar form of decision or determination by, or any interpretation or administration of, any of the foregoing by any Government Entity with jurisdiction over Seller, the Collection System, Buyer, the Facility, the Site, the Landfill, or a party's performance under this Agreement and the transactions contemplated in this Agreement.

1.4 “Btu” means a British thermal Unit.

1.5 “Buyer” shall have the meaning set forth in the preamble to this Agreement.

1.6 “Buyer Collateral” means all of Buyer's personal property and fixtures, wherever located, whether now or hereafter owned, existing or acquired or hereafter arising, including, without limitation, the following: all accounts, inventory, equipment, Renewable Energy Credits/Certificates, general intangibles (including, without limitation, trade names, permits, licenses and other intangible property rights), fixtures, goods, real property, leasehold improvements, documents, instruments, chattel paper, money, deposit accounts, accounts receivable, rights to draw on letters and advances of credit and the cash or noncash proceeds (including insurance or other rights to receive payment with respect thereto) of any of the foregoing and all accessions and additions to and replacements of the foregoing, and all books and records pertaining to any of the foregoing; provided, however, for purposes of determining the value of the Buyer Collateral as provided in Section 6.8(b) of this Agreement, the Buyer Collateral shall exclude the value of any rights to utilize the Landfill Gas provided in this Agreement.

1.7 “Buyer Security” shall have the meaning set forth in Section 6.8.

1.8 “Collection System” means the fixtures, equipment and assets of Seller, whether owned or leased by Seller, that are either used by Seller in the performance of Seller's business or are currently or may be in the future located on the Landfill up to and including the Delivery Point and includes, without limitation, the wells, pipes, headers and gathering systems, flares, vacuum pipelines, blowers, condensate knockout vessels or systems, and all other fixtures, equipment and assets that are used for the purpose of collecting, producing and delivering or facilitating the collection, production and delivery of Landfill Gas, as such exists as of the Effective Date or as the same is modified, expanded and replaced.

1.9 “Commercial Operations Date” means the date that is ten (10) days after Buyer provides written notice to Seller that the Pre-Commercial Operations Period has commenced.

1.10 “Condensate” means any liquids that condense or otherwise separate from the Landfill Gas during collection, transporting or processing by the Collection System or the Facility.

1.11 “Confidential Information” shall have the meaning set forth in Section 12.15.

1.12 “Deemed Assignment” shall have the meaning set forth in Section 12.11(d).

1.13 “Delivery Point” means the designated interconnection point where Seller shall deliver Landfill Gas to Buyer, which term has the more particular meaning assigned thereto in Section 4.1.

1.14 “Effective Date” shall have the meaning set forth in the preamble to this Agreement.

1.15 “Energy Customer” means any Person with which Buyer enters into an agreement for the purchase by such Person of the electricity produced by the Facility following the Pre-Commercial Operations Period.

1.16 “Event of Default” shall have the meaning set forth in Section 8.1.

1.17 “Facility” means the equipment, facilities, and associated structures, including any controls, fuel treatment equipment, and similar equipment installed at the Site and easements provided pursuant to the Site Lease or by written easement agreement executed and delivered by the parties hereto for the purpose of generating electricity following the Pre-Commercial Operations Period, together with the Interconnection Equipment installed on the Site, but not including the Collection System.

1.18 “Force Majeure” means any cause not reasonably within the control of and without the fault or negligence of the party claiming suspension of the performance of its duties hereunder and that by the exercise of reasonable diligence such party is unable to prevent or overcome, including, but not limited to, acts of God, acts of war or conditions attributable to war, labor disputes, sudden actions of the elements, sabotage, civil commotion, thermal reactions within the Landfill, action by federal, state, municipal or regulatory courts, and actions of legislative bodies, without limitation, under any circumstances, financial inability to perform or Buyer’s failure to obtain or maintain a purchaser for any electricity or any Renewable Energy Credits/Certificates. For the purposes of this Agreement, the requirement that “Force Majeure” be a cause not within the control of the affected party that by the exercise of due diligence such party is unable to prevent or overcome shall not require the settlement of strikes and lockouts by acceding to the demands of third parties directly or indirectly involved in such strikes or lockouts when such course is deemed inadvisable in the sole discretion of the party subject to such strikes or lockouts.

1.19 “Government Entity” means any court or tribunal in any jurisdiction or any federal, state, municipal, or other governmental body, agency, authority, department, commission, board, bureau or instrumentality.

1.20 “GRS” shall have the meaning set forth in the preamble to this Agreement.

1.21 “Indemnified Parties” shall have the meaning set forth in Section 6.7.

1.22 “Indemnifying Parties” shall have the meaning set forth in Section 6.7.

1.23 “Interconnection Equipment” means all of the equipment and facilities required to be constructed to interconnect with and deliver electricity produced by the Facility following the Pre-Commercial Operations Period, to an Energy Customer.

1.24 “Landfill” means the real property commonly known as the Fall River landfill located in or near Fall River, Massachusetts, which is more particularly described on Exhibit A, attached hereto and incorporated herein by reference, as now constituted and as may be expanded from time to time; provided that expansions shall not include the combination of the Landfill with a separate, stand-alone landfill.

1.25 “Landfill Gas” means all gas generated from the decomposition of refuse and other solid wastes deposited or located on the Landfill and collected by the Collection System.

1.26 “Leachate” means the liquid produced at the Landfill from the decomposition of waste materials in the Landfill.

1.27 “Letter of Credit” means an irrevocable standby letter of credit for the Letter of Credit Amount, designating Seller as beneficiary, in form and substance reasonably satisfactory to Seller, issued by a financial institution reasonably acceptable to Seller, including, without limitation, having at least Five Hundred Million Dollars (\$500,000,000.00) in capital.

1.28 “Letter of Credit Amount” means Five Million Dollars (\$5,000,000.00) for each year between the Effective Date and for each remaining year that this Agreement is in effect.

1.29 “MMBtu” means one million British Thermal Units.

1.30 “Nonmonetary Default” shall have the meaning set forth in Section 8.1(b).

1.31 “Notice of Default” shall have the meaning set forth in Section 8.1(b).

1.32 “Payment” means any and all amounts owing to any Seller Indemnified Party pursuant to this Agreement or the Site Lease, including, without limitation, any costs, losses, expenses, penalties, fines or damages resulting from a claim, third party claim, damages, obligations to pay the Royalty or otherwise.

1.33 “Person” means any natural person or any association, firm, partnership, limited liability company, joint venture, corporation or other legally recognized entity, whether for profit or not for profit.

1.34 “Pre-Commercial Operations Period” means the period beginning with the first production of electricity by the Facility and ending on the Commercial Operations Date, as specified by the Buyer, during which period Buyer shall be entitled to use, and shall accept from Seller, that amount of Landfill Gas that Buyer determines is necessary for the purpose of startup and testing of the Facility.

1.35 “Process” means to accept into the Facility and use Landfill Gas for purposes of generating electricity following the Pre-Commercial Operations Period for sale, and specifically excludes flaring of Landfill Gas.

1.36 “Prohibited Transferee” shall have the meaning set forth in Section 12.11(a).

1.37 “Recipients” shall have the meaning set forth in Section 12.15.

1.38 “Renewable Energy Credits/Certificates” means credits or certificates issued for the economic value of any benefit resulting from the generation of electricity from a renewable fuel source under state or federal law.

1.39 “Royalty” means the payments to Seller described in Section 5.1.

1.40 “Second Amended and Restated GSPA” means that certain Second Amended and Restated Gas Sale and Purchase Agreement by and between Seller and GRS dated as of August 8, 2022.

1.41 “Second Amended and Restated Site Lease” means that certain Second Amended and Restated Site Lease Agreement by and between Seller and GRS effective as of August 8, 2022.

1.42 “Security Agreement” means a Security Agreement by and between Buyer and Seller, as contemplated pursuant to Section 6.8, in the form of Exhibit C attached hereto.

1.43 “Seller” shall have the meaning set forth in the preamble to this Agreement.

1.44 “Seller Indemnified Parties” shall have the meaning set forth in Section 6.7.

1.45 “Site” means the real property leased to Buyer as identified in, and pursuant to the terms and conditions of, the Site Lease and on which the Facility is operated.

1.46 “Site Lease” means the Third Amended and Restated Site Lease Agreement dated as of the Effective Date under which Buyer, as lessee, leases from Seller, as lessor, the Site located at the Landfill or obtains easement rights to the portion of the surface acreage on which the Facility is located.

1.47 “Unused Landfill Gas” means any Landfill Gas that Buyer does not accept or take delivery of at the Delivery Point.

Article 2 Purchase and Sale

1.1 Purchase, Sale and Use of Landfill Gas.

(a) Subject to the terms, conditions and limitations contained in this Agreement, and for the consideration described in Article 5, Seller agrees to make available to Buyer, on a first priority basis, before any other uses by Seller (but subject to the Flare Turndown Requirement), all of the Landfill Gas collected by the Collection System that Seller is capable of delivering to the Delivery Point and, subject to the remaining provisions of this Section 2.1, Buyer agrees to purchase and receive from Seller all such Landfill Gas; provided, however, that: (a) nothing in this Agreement shall be deemed to be a guaranty of any quantity of Landfill Gas to be made available to Buyer; and (b) Buyer agrees to use reasonable efforts to Process all of the Landfill Gas made available to Buyer at the Delivery Point. Buyer agrees to use reasonable efforts after the Pre-Commercial Operation Period to sell the electricity produced by the Facility.

(b) Buyer agrees not to own or lease any flare at the Landfill without Seller’s prior written consent, which consent may be withheld in Seller’s sole and absolute discretion. Seller agrees to make its flare available to combust Unused Landfill Gas. Buyer shall provide Seller with as much advance notice as possible of its required use of Seller’s flare and shall describe the reasons for such use in any such notice, and Buyer shall install equipment to start Seller’s flare automatically if necessary, to flare Landfill Gas not processed by Buyer at the Facility.

1.2 Credits/Benefits.

(a) Retained by Seller. Seller shall retain all rights to any tax, emission or other credits, certificates or similar benefits with respect to any and all activities relating (i) to the operations or ownership of the Landfill or (2) to the collection, processing, transportation, delivery, management or control of Landfill Gas prior to transfer of title to Landfill Gas to Buyer at the Delivery Point, including, without limitation, to any voluntary or mandated activities of Seller at the Landfill resulting in any carbon credits, greenhouse gas credits or similar credits or certificates or other economic benefits; provided, further, that notwithstanding anything to the contrary in this Agreement, Seller shall be entitled to retain all rights to any tax, emission or other credits or certificates derived from or relating to flared Landfill Gas produced or generated prior to the Delivery Point, regardless of whether title to the Landfill Gas has technically passed to Buyer.

(b) Retained by Buyer. Buyer shall retain all rights to any tax, emission, or other credits, certificates or similar benefits related to (i) the operation of the Facility and the sale of electricity generated therefrom or (ii) the processing of Landfill Gas from and after Buyer takes title thereto at the Delivery Point, including, without limitation, Renewable Energy Credits/Certificates, RINs, e-RINs, carbon credits, greenhouse gas credits or similar credits or certificates.

(c) Jointly Retained. To the extent any tax, emission or other credits, certificates or similar benefits that do not exist as of the Effective Date come into existence, and the allocation of the benefit therefrom cannot be readily determined pursuant to the provisions of Sections 2.2(a) and (b) above, the benefit of such tax, emission or other credits, certificates or similar benefits shall be shared equally by Seller and Buyer, unless otherwise mutually agreed in writing by Seller and Buyer. Notwithstanding the foregoing, neither party shall claim tax, emission or other credits under this Section 2.2(c) if obtaining such tax, emission or other credits would require the other party to lose or reduce any of the tax, emission or other credits or certificates referenced in Section 2.2(a) or 2.2(b) above or require the party not receiving such tax, emission or other credits or certificates to purchase, trade, or otherwise acquire tax, emission or other credits or certificates related to the operation of the Landfill or of the Facility to comply with any mandatory scheme or system under which such tax, emission or other credits or certificates could be obtained.

1.3 Landfill Gas Only. This Agreement and all rights granted to Buyer hereunder apply exclusively to Landfill Gas, as purchased from Seller and as may be processed by Buyer to generate and sell electricity following the Pre-Commercial Operations Period. Other than such electricity production and sale, Buyer shall not generate or sell any products, byproducts or constituents of the Landfill Gas. Buyer shall have no right or interest in or relating to any other activities at the Landfill in which Seller may be involved. Notwithstanding anything to the contrary set forth in this Agreement, Seller shall have the right to utilize Unused Landfill Gas for any purpose, including commercial purposes.

1.4 Priority of Landfill Operations. Notwithstanding anything herein to the contrary, Buyer understands and agrees that Seller's primary interest and obligation are the safe and efficient operation of the Landfill and the Collection System, in compliance with Applicable Laws and permit conditions, and that any interest of Buyer in any Landfill Gas shall remain secondary to the operation of the Landfill and the Collection System. For the sole purpose of this Section 2.4, the operation of the Landfill shall be deemed to include, without limitation, the operations of [***], any Affiliate of [***] and any contractor of [***] or its Affiliates (or any affiliated or successor entity engaged in similar or related activities) at the Landfill. Buyer's rights and interests hereunder shall not interfere with Seller's compliance with any permits, authorizations, licenses or Applicable Laws related to the Landfill or the Collection System, or with the lawful and safe operation of the Landfill and the Collection System, including, without limitation, the design, division, construction, operation, expansion (vertical or horizontal), maintenance, and monitoring of the Collection System or the Landfill, or the closure, and post-closure of the Landfill; provided that Seller shall, to the extent reasonably possible considering the circumstances and the priority of the operations of the Landfill under this Section 2.4, utilize reasonable efforts to attempt to maintain Buyer's priority to the delivery of Landfill Gas provided by Section 2.1(a). Seller shall be free at all times during the Term to take any action Seller deems necessary or desirable, in Seller's reasonable judgment, in connection with the Landfill, including, without limitation, any action required to comply with any Applicable Law or to respond to community concerns, without regard to the effect of such action on the quantity or quality of Landfill Gas extracted from the Landfill. Seller may operate its blowers and flares independent of Buyer if Seller deems it necessary with respect to the priority of the operations of the Landfill under this Section 2.4.

Article 3 Term

1.1 Term of Agreement. The term of this Agreement shall commence on the Effective Date and, unless terminated in whole or part earlier as provided in Section 3.2 or Article 8, shall continue and remain until the earlier of the twentieth (20th) anniversary of the Commercial Operations Date.

1.2 Early Termination. Notwithstanding Section 3.1, either Party may terminate this Agreement prior to the end of the term by providing written notice to the non-terminating Party:

(a) at any time if Buyer has been unable to achieve the Commercial Operations Date by the third (3rd) anniversary of the Effective Date, and such failure is not the result of a Seller Event of Default or an event of Force Majeure, in each case for which written notice thereof has been provided to Seller pursuant to Section 12.3; or

(b) if, following the Commercial Operations Date, the Facility fails to produce any electricity for a period of more than one hundred twenty (120) consecutive days or three hundred forty (340) cumulative days (whether consecutive or non-consecutive days) in any period of One Thousand Eight Hundred Twenty-Five (1,825) days, including, without limitation, with respect to damage or destruction of the Facility, and such failure is not the result of [***] Event of Default or an event of Force Majeure, in each case for which written notice thereof pursuant to Section 12.3 has been provided to Seller pursuant to the terms and conditions of this Agreement.

The termination right provided for in Section 3.2(b) shall not apply in the event that the interruption in production of electricity is the result of catastrophic damage to or destruction of the Facility and (A) Buyer notifies Seller in writing of its intent to rebuild the Facility within sixty (60) days of such damage or destruction, uses reasonable efforts to rebuild the Facility and provides monthly written updates to Seller of its progress toward the rebuild of the Facility, and (B) Buyer continues to pay Seller pursuant to Section 5.1 of this Agreement; provided, further, regardless of clauses (A) and (B), Seller may terminate this Agreement upon the second (2nd) anniversary of the date such damage or destruction of the Facility occurred.

Article 4 Delivery

1.1 Delivery Point. All Landfill Gas extracted from the Landfill and made available to Buyer pursuant to this Agreement shall be made available at the Delivery Point described in writing and attached to this Agreement as Exhibit B.

1.2 Title/Risk of Loss. Title to Landfill Gas extracted from the Landfill and made available to Buyer pursuant to this Agreement shall pass to and be absolutely vested in Buyer at the Delivery Point and liability for and the risk of loss of such Landfill Gas shall follow title.

1.3 Flow. Buyer and Seller shall meet regularly, but in any event not less than semi- annually, as required to review the output, including quality and quantity, of Landfill Gas and the capacity of the Facility.

1.4 Deleterious Substances. The parties recognize that Landfill Gas may contain or be delivered with corrosive, deleterious, or otherwise harmful substances of all types. Seller shall have no obligation to pay costs for repair or replacement of the Facility caused by such substances and Buyer shall accept the risk of such substances.

1.5 No Guaranty of Quality or Quantity of Landfill Gas. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall be deemed to be a guaranty by Seller of the quality or quantity of any Landfill Gas to be made available to Buyer.

Article 5 Royalty

1.1 Royalty Amount. Starting on the first day of the Pre-Commercial Operations Period, Buyer shall pay to Seller, for each calendar quarter for the term of this Agreement and prorated for any partial calendar quarters, the amount of [***] in immediately available funds (the "Royalty").

1.2 Time for Royalty Payments. Following the first Royalty payment made by Buyer to Seller pursuant to Section 5.1, Buyer shall, before the fifteenth (15th) day of the first month next succeeding the end of the calendar quarter following such payment and each subsequent calendar quarter payment, pay to Seller the Royalty due pursuant to Section 5.1 above.

1.3 Interest. All sums payable hereunder that are not timely paid as set forth herein shall bear interest calculated from the date when due until such sums are paid at one percent (1.0%) per annum above the fluctuating rate of interest announced publicly by Wells Fargo Bank, N.A., from time to time as its reference rate. Interest shall be calculated on the basis of a thirty (30) day month and a three hundred sixty (360) day year. In no event shall the rate of interest charged hereunder exceed the maximum rate allowed by the Applicable Law.

Article 6 General Obligations, Warranties, and Covenants

1.1 Permits and Approvals.

(a) Promptly after execution of, and pursuant to, this Agreement, Buyer shall obtain, at its sole cost and expense, all necessary environmental impact studies, statements or reports, zoning and land use approvals, permits, licenses and utilities for the installation and construction of the Facility and shall comply with all Applicable Laws; provided that all applications and filings with Government Entities, and all material communications with Government Entities with respect to any such applications and filings, shall be subject to Seller's prior written approval, such approval Seller shall not unreasonably delay or withhold. At all times during the term of this Agreement, Buyer shall, at its sole cost and expense, obtain and maintain in effect all permits, authorizations, easements, and rights of way required in connection with the installation, construction, expansion, modification or addition to, or the operation, repair or maintenance of the Facility, and Buyer shall comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Buyer's use of the Facility.

(b) Buyer shall provide Seller with reasonable advance notice of any hearings or other proceedings regarding Buyer's permits, authorizations, easements and rights of way, and Seller may elect, at its sole cost and expense, to participate in any such hearings, or proceedings, so long as Seller does not take any position adverse to Buyer or the Facility, in written comments submitted to, or verbal comments made at, such hearing or proceeding; provided Seller may take any position adverse to Buyer or the Facility, in written comments submitted to, or verbal comments made at, such hearing or proceeding, if Buyer is not in compliance with the terms and conditions of this Agreement or the Site Lease.

(c) Buyer shall provide Seller with a reasonable opportunity to comment upon any draft environmental impact reports or studies required in connection with any permits,

authorizations or easements related to the installation, construction or expansion of, modification or addition to, or operation, repair or maintenance of the Facility. Buyer shall consider any comments submitted by Seller before the finalization of any such reports or studies. Each party hereto agrees to make available to the other party hereto copies of all environmental information reports, environmental impact reports, air impact assessment studies, environmental applications filed and other available data in such party's possession relating to the Landfill or the Facility, which materials are reasonably necessary for the other party to possess for the purposes of complying with their obligations under this Agreement. Any such information provided to a party shall be treated by that party as Confidential Information pursuant to the terms of this Agreement.

1.2 Design and Construction of the Facility. Buyer shall design, construct, and operate the Facility on the Site. Prior to the commencement of any construction, Buyer shall, at its sole cost and expense, engage a qualified engineer to prepare plans and specifications in sufficient detail to show the design, character, and appearance of the Facility, which shall be submitted to Seller for review. Such plans and specifications shall consider and comply with all Applicable Laws and requirements, including, without limitation, for noise, aesthetics, appearance, odor, emissions, vibration and security. Buyer shall have twenty (20) business days after receipt of Seller's objections to such plans and specifications to revise the plans and specifications to resolve those objections that are reasonable. After the final plans and specifications have been approved, Buyer may authorize reasonable changes thereto, provided that they do not materially alter the noise, emissions, design, character, capacity, aesthetics, and/or appearance of the Facility. Until the Commercial Operations Date, Buyer shall report to Seller monthly on the status of the construction of the Facility. Seller's review and approval (which shall not be unreasonably withheld, delayed or conditioned) of Buyer's plans and specifications shall not alter any obligations or responsibilities of Buyer under this Agreement, nor shall such review and approval create any warranties as to the design, suitability, capability, or expected performance of the Facility or operations. Notwithstanding Seller's right to review and comment on the plans for the Facility, all proprietary data, drawings, plans, specifications and reports developed by Buyer and related to the Facility shall remain the intellectual property of Buyer. Buyer shall provide Seller with copies of all permits, licenses or approvals granted to Buyer relating to the Facility and planned business operations as of the Commercial Operations Date and thereafter upon the request of Seller.

1.3 Seller's Maintenance of Collection System. At its own expense and regardless of who may be the operator or maintainer of the Collection System, Seller shall maintain, operate, and preserve the Collection System in good working order and condition, ordinary wear and tear excepted, and in conformity with Applicable Laws.

1.4 Buyer's Maintenance of Facility. In no way limiting the provisions of Section 2.4, Buyer shall, at its own expense and regardless of who may be the operator or maintainer of the Facility, maintain, operate, improve and preserve the Facility and the related leased premises at all times in good working order and a neat and clean condition, ordinary wear and tear excepted, in conformity with Applicable Laws, rules, regulations, and permitting requirements; provided, further, that Buyer's operation of the Facility will also address any environmental impact on the Landfill and adjoining properties with respect to noise, odor, site aesthetics and security. In no way limiting the foregoing, Buyer agrees that under no circumstances will it allow the free venting of Landfill Gas at any time after Buyer takes title to Landfill Gas, except in the event of an emergency, in which case such free venting shall occur only in accordance with Applicable Laws.

1.5 Condensate. Subject to the provisions of Section 2.4, Buyer may utilize any system that Seller has in place for disposal of Leachate or Condensate produced by Seller for Condensate produced at the Facility, provided that (a) such utilization by Buyer does not

interfere with Seller's ability to dispose of its Leachate or Condensate, (b) all such materials disposed of by Buyer meet the disposal parameters applicable to Seller's Leachate and Condensate, and (c) any added incremental costs incurred by Seller as a result of Buyer's utilization of Seller's Leachate/Condensate disposal system shall be borne by Buyer, including, without limitation, disposal fees and capital costs incurred to accommodate such Condensate.

1.6 Taxes.

(a) All taxes now or hereafter imposed upon the production, severance, gathering, sale or delivery of Landfill Gas, or upon the business or privilege of producing, severing, gathering, selling or delivering Landfill Gas, and all taxes imposed in any other manner so as to constitute a charge upon Landfill Gas delivered or made available by Seller to Buyer in all cases relating to activities prior to transfer of title of the Landfill Gas to Buyer, shall be paid by Seller. In the event Buyer is required by any Government Entity having jurisdiction to remit such tax, then, at Buyer's election, the amount thereof shall be deducted from any sums becoming due hereunder to Seller or promptly refunded by Seller to Buyer. Nothing contained in this Section shall be construed as applying to any tax imposed on Buyer after title and/or possession of Landfill Gas shall have passed to Buyer.

(b) All taxes now or hereafter imposed upon or with respect to the Facility, upon the use of Landfill Gas following the Delivery Point, upon the production or sale of electricity, or upon the business or privilege of producing, severing, gathering, selling or delivering electricity, and all taxes imposed in any other manner so as to constitute a charge upon Landfill Gas delivered or made available by Seller to Buyer in all cases relating to activities following transfer of title of the Landfill Gas to Buyer, shall be paid by Buyer. In the event Seller is required by any Government Entity having jurisdiction to remit such tax, then the amount of such tax shall be promptly refunded by Seller to Buyer.

1.7 Indemnification.

(a) To the fullest extent permitted by law, Buyer and Seller, each as indemnitor, shall indemnify the other and its Affiliates, and their respective directors, officers, partners, shareholders, employees, agents, representatives, co-venturers, successors, permitted assigns, contractors or servants (collectively, the "Indemnified Parties"), against and hold the Indemnified Parties harmless from any and all claims, costs, losses, expenses, suits, actions, proceedings, damages, penalties, fines, regulatory actions or requirements, and liabilities (including reasonable attorneys' fees) for (a) damage to or destruction of property, real or personal, or for injury or death to any person, arising out of, resulting from or in connection with the performance or nonperformance of obligations under and pursuant to this Agreement (including, without limitation, the installation, maintenance and operation of measuring facilities, pipelines or other apparatus or equipment) by the applicable indemnitor or any of its Affiliates or any of their respective contractors, subcontractors, employees, representatives or agents (the "Indemnifying Parties") or (b) any breach of representation or warranty set forth in this Agreement by the applicable indemnitor.

(b) Buyer shall indemnify Seller and its Affiliates, and their respective directors, officers, partners, shareholders, employees, agents, representatives, co-venturers, successors, permitted assigns, contractors or servants (the "Seller Indemnified Parties") against and hold the Seller Indemnified Parties harmless from any and all claims, costs, losses, expenses, suits, actions, proceedings, damages and liabilities (including reasonable attorneys' fees) with respect to any (a) environmental contamination at or from the Site or any easements or rights of way resulting from the possession or use thereof by Buyer or any of its Affiliates or any of their respective contractors, subcontractors, employees, representatives or agents and (b) any odor or emission emanating from the Site or the Facility or with respect to the Landfill Gas following the

Delivery Point. For the avoidance of doubt, Buyer shall have no obligation pursuant to this Agreement for any odor or emission not emanating from the Site or the Facility.

1.8 Buyer's Security. At least thirty (30) days prior to the first day of the Pre- Commercial Operations Period, Buyer shall provide and maintain security in favor of Seller, at Buyer's expense, to secure Payment (the "Buyer Security"). Buyer Security may either be in the form of a Security Agreement or the Letter of Credit.

(a) If Buyer elects to provide a Security Agreement, Seller shall provide Seller with a first priority lien and security interest in the Buyer Collateral as provided by the Security Agreement. Buyer shall notify Seller promptly upon gaining knowledge (i) of any event causing loss or significant change in circumstances causing material reduction in the value of the Buyer Collateral and the amount of such loss or reduction, or (ii) that the fair market value of the Buyer Collateral in an arm's length sale to a third party is reasonably likely to be less than Five Million Dollars (\$5,000,000.00). If the Buyer Security is in the form of a security interest in Buyer Collateral and Seller has a reasonable belief that the value of the Buyer Collateral is less than Five Million Dollars (\$5,000,000.00), Buyer shall provide, after notice from Seller and within no later than ten (10) days of such notice, reasonable assurances of the value of the Buyer Collateral. If Seller, acting reasonably, is not satisfied with the assurances of value provided by Buyer, Seller may engage a third party, neutral, appraiser to conduct an appraisal of the Buyer Collateral and Buyer shall cooperate in connection therewith. If such appraisal confirms that the value of the Buyer Collateral is equal to or greater than Five Million Dollars (\$5,000,000.00), Seller shall be solely responsible for the costs of the appraisal conducted by such third party. If the appraisal finds that the Buyer Collateral has a value less than Five Million Dollars (\$5,000,000.00), Buyer shall be solely responsible for the cost of the appraisal, Buyer shall pay or reimburse Seller within ten (10) days of request for the cost of the appraisal and Buyer shall modify and/or enhance the Buyer Security to provide a value of at least Five Million Dollars (\$5,000,000.00) and provide Seller evidence thereof within ten (10) days thereof.

(b) If Buyer elects not to provide a Security Agreement, then:

(i) it shall provide a Letter of Credit to Seller in the Letter of Credit Amount.

(ii) The issuer of the Letter of Credit shall have and maintain a credit rating equivalent to BBB- (or better) from Standard & Poors and Baa3 (or better) from Moodys. If such credit rating is BBB- or Baa3, the issuer must not be on credit watch by any rating agency. If the issuer of the Letter of Credit fails to maintain such credit ratings or is on such credit watch, Buyer shall promptly notify Seller in writing and provide a Letter of Credit from a new issuer satisfying the requirements of this section.

(iii) The Letter of Credit must be for a minimum term of three hundred sixty (360) days. Buyer shall give Seller at least thirty (30) days advance written notice prior to any expiration or earlier termination of the Letter of Credit. Buyer shall cause the renewal or extension of the Letter of Credit for additional consecutive terms of three hundred sixty (360) days or more (or, if shorter, the remainder of the Term) more than thirty (30) days prior to each expiration date of the Letter of Credit. If the Letter of Credit is not renewed or extended at least thirty (30) days prior to its expiration date or otherwise is terminated early, Seller shall have the right to draw immediately upon the Letter of Credit and to place the amounts so drawn in an escrow account until and unless Buyer provides a substitute Letter of Credit or until utilized to satisfy such amounts due as contemplated by this section.

(iv) Assuming there are no requests for Payment that have not been fully satisfied, no later than thirty (30) days following written notice from Buyer it has the

removed the Facility and restored the Site pursuant to the terms and conditions of this Agreement and the Site Lease: (Y) Seller shall return the Buyer Security to Buyer if it is a Letter of Credit; or (Z) make any and all necessary filings, to the reasonable satisfaction of Buyer, to terminate its security interest in the Buyer Collateral. The Letter of Credit shall not be returned, or the security interest terminated, if Seller has drawn from the Letter of Credit prior to removal of the Facility or within such thirty (30) days.

(v) In the event of any Payments owing from Buyer or any of their Affiliates to any Seller Indemnified Party pursuant to this Agreement or the Site Lease, resulting in an Event of Default hereunder or in an Event of Default (as defined in the Site Lease) that, to the extent an opportunity to cure is applicable, has not been cured within the applicable time periods permitted under this Agreement or the Site Lease, as applicable, Seller, may in its discretion as a non-exclusive remedy: (Y) take any actions allowed under the Security Agreement, including, without limitation, entry upon the Site and removal and sale of the Buyer Collateral or (Z) draw from the Letter of Credit, to satisfy such Payment.

1.9 Inspection of Books and Records; Accounting. Each party hereto shall have the right to inspect, audit, copy and verify the books, charts and records of the other party pertaining to the operations and the transactions that are the subject matter of this Agreement, at the office of the other party where such records are maintained, during normal business hours upon five (5) calendar days advance written notice. Each party agrees to keep its books and records of account so pertaining to this Agreement in accordance with generally accepted accounting principles and practices in the industry. If either party finds at any time within two (2) years after the date of any payment made hereunder that there has been an overpayment or underpayment to Seller or Buyer, the party finding the error shall promptly notify the other party in writing detailing the amount and explanation of the error. In the event of an underpayment to Seller, Buyer shall pay the amount due within fifteen (15) days after the receipt of the bill correcting such error, with interest in the manner provided in Section 5.3. In the event of an overpayment to Seller, Buyer may only offset such overpayment against future payments due to Seller hereunder.

1.10 Quarterly Reports. Buyer agrees to provide quarterly written or electronic reports to Seller regarding the status of the Facility, its output and any anticipated changes therein. In addition, the parties agree to hold direct communications on at least quarterly basis to discuss Buyer's reports and current and projected landfill operations at the Landfill. In addition, Buyer agrees to provide to Seller promptly, but in any case, within no less than five (5) business days after receiving a request therefor, with any information available to Buyer with respect to (a) its operations or (b) the Landfill Gas being made available to Buyer that Seller requests for reporting or compliance purposes with respect to Seller's operations at or obligations relating to the Landfill. If Buyer believes that any information requested by Seller is confidential or proprietary in nature, it shall notify Seller of that fact, and Seller shall maintain the confidentiality of such information pursuant to the provisions of Section 11.15 below.

1.11 Electronic Information. In no way limiting any other provisions of this Agreement, Buyer agrees to give Seller internet or electronic access to all data and materials relating to the performance of the Facility that are made available to any Energy Customers. Nothing in this Section shall require Buyer to disclose proprietary or trade secret information or cause Buyer to incur unreasonable costs as determined by Buyer in its reasonable discretion. In addition, Buyer agrees to provide to Seller promptly, but in any case, within no less than five (5) business days after receiving a request therefor, with any information available to Buyer with respect to (a) its operations or (b) the Landfill Gas being made available to Buyer that Seller requests for reporting or compliance purposes with respect to Seller's operations at or obligations relating to the Landfill. If Buyer believes that any information requested by Seller is confidential or proprietary in nature, it shall notify Seller of that fact, and Seller shall maintain the confidentiality of such information pursuant to the provisions of this Agreement.

1.12 Air Emission Permitting. Both parties agree that they will not voluntarily take the position that the activities of Seller and Buyer at the Landfill should be treated as a combined or single source. In addition to any other right or remedy of the parties, if any Government Entity, pursuant to its application or interpretation of any Applicable Laws, or otherwise, is successful in asserting the position that activities of Seller and Buyer at the Landfill will be treated as a combined or single source for purposes of air permitting of air emission, the parties, in their discretion, may attempt to renegotiate in good faith, and for a specified time, the terms and conditions of this Agreement to account for the increased burden of such regulatory activity on the parties. In the event such renegotiations are unsuccessful, Seller may terminate this Agreement effective upon ten (10) days written notice to Buyer; provided, if within such ten (10) day period Buyer agrees in writing to pay Seller all cost and expenses Seller incurs with respect to such treatment as a combined or single source, such termination shall be null and void.

1.13 Non-Dedication of Facilities. Unless otherwise required by Applicable Law, neither party shall dedicate any part of any facility owned or operated by it at or related to the Landfill for the production of electricity to the public generally and indiscriminately, for the exercise of a public franchise, or in the exercise of a public utility function.

Article 7 Measurement

1.1 Metering and Measurement. Buyer shall install and maintain the equipment necessary to measure the volume of the Landfill Gas delivered by Seller to Buyer at the Delivery Point, as well as any other information with respect to the Landfill Gas that Seller is required by Applicable Law to capture, monitor or report.

1.2 Calibration.

(a) Buyer shall calibrate the equipment utilized to satisfy the terms of Section 7.1 at least once every six (6) months or more frequently as may be necessary to obtain accurate measurements or as required by Applicable Law. Buyer shall give Seller at least three (3) business days' prior written notice of the time and date for such calibration so that Seller may have, if Seller so elects, a representative present at any such calibration.

(b) Each party shall have the right to have its representatives and agents present at any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the equipment utilized to satisfy the terms of Section 7.1.

(c) If, for any reason, the equipment utilized to satisfy the terms of Section 7.1 is out of service or out of repair so that the quantity of Landfill Gas delivered through such equipment cannot be ascertained or computed from the readings thereof, then the quantity of Landfill Gas so delivered during the period such equipment is out of service or out of repair shall be estimated and agreed upon by Buyer and Seller by means of extrapolation for the period in question

1.3 Specific Metering Issues. For purposes of this Agreement, atmospheric pressure is assumed, unless otherwise established by the standard gas measurement procedures in the industry, to be 14.74 psia. In addition, the specific gravity and the gross heating value of the gas flowing through the meter(s) may be determined by "on-site" sampling and laboratory analysis or by any other method that is of standard industry practice. The unit of measurement is one cubic foot at a pressure base of 14.74 psia and at a temperature base of sixty (60) degrees Fahrenheit. Meter measurements shall be computed by Buyer into such units in accordance with the ideal gas laws for volume variations due to metered pressure and corrected for deviation using average values of recorded specific gravity and flowing temperature.

Article 8
Default and Damages

1.1 Event of Default. The occurrence of any of the following events or conditions shall constitute an event of default (an “Event of Default”) under this Agreement:

(a) Seller fails to receive from Buyer when due and payable any payment or amount due under this Agreement within ten (10) days after giving written notice to Buyer of the nonpayment.

(b) Failure of either party to satisfy and perform, in any material respect, any of the obligations (other than such obligations covered by items (a), (c), (d), (e), (f), (g) or (h) of this Section 8.1) imposed on it by the terms, covenants or promises of this Agreement, and such failure is not cured to the other party’s reasonable satisfaction within sixty (60) days after written notice to the defaulting party (“Notice of Default”) specifying the nature of the failure. Notwithstanding the foregoing, if the failure is beyond the reasonable control of the defaulting party, is of a nature that cannot reasonably be cured within such sixty (60) day period, but is curable, and cannot be cured by the payment of money (a “Nonmonetary Default”), then, so long as the defaulting party has begun all reasonable efforts to cure such failure and within sixty (60) days after the Notice of Default is diligently pursuing the curing of the failure, the defaulting party shall have a period of one hundred eighty (180) days from receipt of such Notice of Default within which to cure the Nonmonetary Default. Lack of finances or lack of financial resources of the party claiming that a failure is a Nonmonetary Default shall never excuse the payment of money nor cause a failure to constitute a Nonmonetary Default, nor shall it be considered an event of Force Majeure.

(c) Notwithstanding the provisions of subsection (b) above, if any breach or default by Buyer under this Agreement subjects Seller to any risk of loss, liabilities, legal actions, penalties, fines, etc., with respect to any permits or authorizations relating to Seller’s primary activities as provided in Section 2.4, Buyer’s right to cure shall be for a period equal to the lesser of ten (10) business days or such lesser period as may be mandated by any applicable Government Entity with respect to Seller’s obligation to cure or rectify any violations relating to its permits or other authorizations. Any Notice of Default given pursuant to this Section shall include a specific reference to this subsection.

(d) (i) Either party becomes insolvent or unable to pay its debts when due; generally fails to pay its debts when due; files a petition in any bankruptcy, reorganization, winding up, or liquidation proceeding or other proceeding analogous in purpose or effect relating to such party; applies for or consents to the appointment of a receiver, trustee, or other custodian for the bankruptcy, reorganization, winding up or liquidation of such party; makes an assignment for the benefit of creditors; or admits in writing that it is unable to pay its debts; or (ii) any court order or judgment is entered confirming the bankruptcy or insolvency of Buyer or Seller, or approving any reorganization, winding up or liquidation of Buyer or Seller or a substantial portion of its assets; or (iii) there is instituted against Buyer or Seller any bankruptcy, reorganization, winding up or liquidation proceeding, or other proceeding analogous in purpose or effect, and the same is not dismissed within ninety (90) days after the institution thereof, or (iv) a receiver, trustee or other custodian is appointed for any part of the assets of Buyer or Seller.

(e) An event of default has occurred and not been cured under the Site Lease or the Security Agreement.

(f) Any breach of a party's representations and warranties in this Agreement that is not cured to the other party's reasonable satisfaction within sixty (60) days after written notice to the breaching party.

(g) The failure of Buyer to timely provide the Buyer Security.

(h) The reasonable determination by Seller that Buyer's record of compliance with all Applicable Laws, regardless of the determination or lack thereof by any Government Entity, shall prevent or materially delay Seller's receiving or maintaining any necessary permits, licenses, authorizations, or approvals to operate or expand the Landfill.

1.2 Seller's Remedies. At any time after an Event of Default by Buyer has occurred and not been cured as provided in Section 8.1 (if applicable), Seller may without obligation do any one or more of the following (all such remedies being cumulative):

(a) Terminate this Agreement and cease to deliver Landfill Gas to Buyer.

(b) Remove all or part of the Collection System and/or any additions, improvements, equipment and fixtures of Seller on the Landfill.

(c) Sell Landfill Gas to any Person or utilize such Landfill Gas, including for commercial purposes.

(d) Proceed to protect and enforce any or all its rights and remedies under this Agreement and to exercise any or all other rights and remedies available to it at law, in equity or by statute.

1.3 Buyer's Remedies. At any time after an Event of Default by Seller has occurred and not been cured as provided in Section 8.1, Buyer may without obligation do any one or more of the following (all such remedies being cumulative):

(a) Terminate this Agreement and cease to purchase Landfill Gas from Seller.

(b) Remove all or part of the Facility and/or any additions, improvements, equipment and fixtures or property of Buyer on the property leased pursuant to the Site Lease.

(c) Remain on and in possession of the premises subject to the Site Lease through the term of the Site Lease and continue to operate and sell electricity from the Facility.

(d) Proceed to protect and enforce any or all of its rights and remedies under this Agreement and to exercise any and all rights and remedies available to it at law, in equity or by statute.

Article 9 Arbitration/Dispute Resolution

1.1 Arbitration/Dispute Resolution. Except with respect to any claim seeking injunctive relief or specific performance, any controversy, claim, dispute, determination or misunderstanding arising out of or relating to this Agreement, or the breach thereof, not otherwise resolved by written agreement of the parties within thirty (30) days from the date of written notice of such dispute by either party to the other party, shall be submitted to arbitration in accordance with the then current rules of the American Arbitration Association. The request for arbitration shall be made within a reasonable time after the dispute or claim arises, and in no event after it would be barred by an applicable statute of limitations. The requesting party shall

appoint one arbitrator in the writing requesting arbitration; the responding party shall appoint one arbitrator within fifteen (15) days thereafter. The two arbitrators so selected shall then appoint a third arbitrator within ten (10) days. If any party fails to appoint its arbitrator, or the two arbitrators fail to agree on a third arbitrator within the specified time periods, then the other party, or the requesting party if the failure is with the two arbitrators, shall request that the then Presiding Judge of the Superior Court of the State of Arizona, County of Maricopa, make such appointment. The parties agree that the American Arbitration Association Commercial Arbitration Rules are modified as follows: the procedures set forth in the Federal Rules of Civil Procedure applicable in the State of Arizona will govern the arbitration, including those relating to disclosures and listing of witnesses and exhibits, initiation and completion of discovery, and dispositive motions. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Unless otherwise mutually agreed by the parties, arbitration hearings shall be held in the city of Phoenix, Arizona. All time periods set by the rules shall be adhered to by all parties and arbitrators. The arbitrators shall be expressly limited by any limitation on damages provided by this Agreement.

Article 10 Representations and Warranties

1.1 Buyer Representations. Buyer hereby represents and warrants to Seller as of the Effective Date as follows:

(a) Existence. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and is qualified to do business in the State of Massachusetts. Buyer has the power and lawful authority to enter into and perform its obligations under this Agreement and any other documents required by this Agreement to be delivered by Buyer.

(b) Authorization. The execution, delivery, and performance by Buyer of and under this Agreement and any related agreements have been duly authorized by all necessary corporate action on its behalf, and do not and will not violate any provision of its organizational documents or result in a material breach of or constitute a material default under any agreement, indenture, or instrument of which it is a party or by which it or its properties may be bound or affected.

(c) Litigation. There are no actions, suits, or proceedings pending or, to the best of Buyer's knowledge, threatened against Buyer or any of its properties before any court or governmental department, commission, board, bureau, agency, or instrumentality that, if determined adversely to it, would have a material adverse effect on the transactions contemplated by this Agreement.

(d) Execution. Buyer has duly executed and delivered this Agreement, and (assuming due authorization, execution and delivery by Seller) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms.

(e) No Lender Consent. There is no consent or approval necessary from, and no notice required to be provided to, any Person providing senior or subordinated construction, interim, or long-term debt or refinancing to Buyer or any of its Affiliates for or in connection with the development, construction, the Facility procurement, installation or operation of the Facility. There is no collateral assignment of this Agreement, or the rights and benefits under this Agreement, to any Person in connection with any such debt or refinancing.

1.2 Seller Representations. Seller hereby represents and warrants to Buyer as of the Effective Date as follows:

(a) Existence. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Massachusetts. Seller has the power and lawful authority to enter into and perform its obligations under this Agreement and any other documents required by this Agreement to be delivered by Seller.

(b) Authorization. The execution, delivery, and performance by Seller of and under this Agreement and any related agreements have been duly authorized by all necessary corporate action on its behalf, and do not and will not violate any provision of its organizational documents or result in a material breach of or constitute a material default under any agreement, indenture, or instrument of which it is a party or by which it or its properties may be bound or affected.

(c) Litigation. There are no actions, suits, or proceedings pending or, to the best of Seller's knowledge, threatened against Seller or any of its properties before any court or governmental department, commission, board, bureau, agency, or instrumentality that, if determined adversely to Seller, would have a material adverse effect on the transactions contemplated by this Agreement.

(d) Execution. Seller has duly executed and delivered this Agreement, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms.

1.3 Representations and Warranties - General. Each party acknowledges that its representations and warranties as set forth above will be relied upon by the other in entering into and performing under this Agreement. The representations and warranties contained in this Article shall survive the termination of this Agreement.

1.4 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES. THE REPRESENTATIONS AND WARRANTIES MADE BY THE PARTIES IN THIS AGREEMENT ARE IN LIEU OF AND ARE EXCLUSIVE OF ALL OTHER REPRESENTATIONS AND WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR ANY OTHER IMPLIED WARRANTY. EACH PARTY HEREBY DISCLAIMS ANY SUCH OTHER OR IMPLIED REPRESENTATIONS OR WARRANTIES, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE BY A PARTY OR ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION.

Article 11 Force Majeure

1.1 If either party is rendered unable, wholly or in part, by the occurrence of a Force Majeure event to carry out its obligations under this Agreement, that party shall give to the other party prompt written notice of the Force Majeure event, which notice shall include a description of the nature of the Force Majeure event, its cause and possible consequences, its direct impact on the party's inability to perform all or any part of its obligations under this Agreement, the expected duration of the event, and the steps being taken or proposed to be taken by the affected party to overcome the event; thereupon, the obligations of the party giving the notice shall be suspended (a) during, but no longer than, the continuance of the Force Majeure event, and (b) only with respect to the party's specific obligations hereunder affected by the Force Majeure

event; provided that if the Force Majeure event continues for more than twelve (12) consecutive months, the party that has not asserted Force Majeure may terminate this Agreement without liability to the other party, except for payments due to such date and any breach or default of this Agreement prior to the effective date of such termination, upon giving written notice to the other party. The party claiming Force Majeure shall promptly notify the other party of the termination of such event.

Article 12
Miscellaneous

1.1 Amendment. This Agreement may only be modified, amended or supplemented by an instrument in writing executed by Buyer and Seller.

1.2 Governing Law; Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona as applied to agreements among Arizona residents entered into and to be performed entirely within Arizona, without application of any conflicts of laws. Each party to this Agreement consents to the jurisdiction over it of the courts of the State of Arizona in the City of Phoenix.

1.3 Notices. All notices or other communications required or permitted under this Agreement shall be in writing and may be given by depositing the same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, by overnight courier or by delivering the same in person to such party. Notice shall be deemed given and effective the day personally delivered, the day after being sent by overnight courier, subject to signature verification, and three (3) business days after the deposit in the United States mail of a writing addressed and sent as provided below or when actually received, if earlier. Any party may change the address for notice by notifying the other parties of such change in accordance with this Section. Such notice shall be addressed as follows:

If to Buyer, addressed to it at:

OPAL Fuels LLC
One North Lexington Ave., Suite 1450
White Plains, New York 10601

with a copy to:
OPAL Fuels LLC
5087 Junction Road
Lockport, NY 14094
Attn: General Counsel
E-mail: noticeofficer@opalfuels.com

If to Seller, addressed to it at:

[***]

with copies to:

[***]

and

[***]

1.4 Headings. Headings or captions herein are merely for convenience and are not a part of this Agreement and shall not in any way modify or affect the provisions of this Agreement.

1.5 Attorneys' Fees. In the event of any action at law or in equity between the parties arising from or in connection with this Agreement, the prevailing party shall be entitled, in addition to such other relief as may be granted, its reasonable attorneys' fees, expert witness fees, litigation or arbitration related expenses, and court costs in such litigation or proceeding, to be fixed by the court, and the amount of such costs and expenses shall be added to the amount of such judgment. In the event any dispute is arbitrated, fees and costs referred to in this Section shall be awarded in the discretion of the arbitrator(s). For purposes of this Section, the term "prevailing party," means the net winner of the dispute, taking into account the claims pursued, the claims on which the pursuing party was successful, the amount of money sought, the amount of money awarded, and offsets or counterclaims pursued (successfully or unsuccessfully) by the other party. If a written settlement offer is rejected and the judgment or award finally obtained is equal to or more favorable to the offeror than an offer made in writing to settle, the offeror is deemed to be the successful party from the date of the offer forward.

1.6 No Waiver. No delay or omission to exercise any right or power shall be construed to be a waiver of any default or acquiescence therein or a waiver of any right or power, and every such right and power may be exercised from time to time and as often as may be deemed expedient. Either party's acceptance of any performance due hereunder that does not comply strictly with the terms hereof shall not be deemed to be waiver of any right of such party to strict performance by the other party. Acceptance of past due amounts or partial payments shall not constitute a waiver of full and timely payment of any sums due hereunder.

1.7 Electronic Signatures; Counterparts. Electronic signatures (including .pdf) of the parties hereto shall be acceptable for all purposes. This Agreement may be executed in two or more originals, electronic counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

1.8 Severability. If any term or provision of this Agreement should be held invalid or unenforceable, the parties to this Agreement shall endeavor to replace such invalid terms or provisions by valid terms and provisions that correspond to the best of their original economic and general intentions. The invalidity or unenforceability of any term or provision hereof shall not be deemed to render the other terms or provisions hereof invalid or unenforceable.

1.9 Entire Agreement. This Agreement and the Site Lease are expressly acknowledged to constitute the entire agreement between Buyer and Seller relating to the subject matter hereof and to supersede all prior written and oral agreements and understandings and all contemporaneous oral representations or warranties in connection therewith; provided, however, and notwithstanding anything to the contrary set forth in this Agreement or the Site Lease, each of the parties hereto shall remain responsible and liable for any breach or default occurring prior to the Effective Date under the Second Amended and Restated GSPA and the Second Amended and Restated Site Lease. Neither Buyer nor Seller have made and do not make any representations or warranties, expressed or implied, except as herein specifically set forth, and Buyer and Seller hereby expressly acknowledge that no such representations or warranties have been made by the other party.

1.10 Compliance with Laws. Each party to this Agreement shall comply with any and all Applicable Laws that affect such party's duties, obligations and performance pursuant to this Agreement. Seller and Buyer shall timely make any necessary regulatory filings and make copies of such filings available to the other party.

1.11 Successors and Assigns.

(a) In General. This Agreement and all of the terms, conditions and limitations contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, however, that except as otherwise provided herein, neither party hereto shall assign this Agreement, nor any interest, rights or obligations herein without first obtaining the written consent of the other party hereto, which consent shall not be unreasonably withheld or delayed; provided that Seller may assign all of its rights, duties and obligations hereunder to a third party purchaser of (i) the Landfill, (ii) Seller, or (iii) substantially all of the assets of Seller without the consent of Buyer (provided that with respect to (i) and (iii) any such purchaser agrees in a writing in form and substance reasonably satisfactory to Buyer to assume all of Seller's duties and obligations hereunder). Notwithstanding anything herein to the contrary, and in no way limiting the foregoing, Buyer acknowledges and agrees that Seller's refusal to consent to a proposed assignment by Buyer shall not be deemed unreasonable if, among other things: (W) Seller, or any of its Affiliates, has a significant or material history of litigation or disputes involving the proposed assignee or any of its Affiliates; (X) the proposed assignee is, or is an Affiliate of, a competitor of Seller, its parent company or Affiliates, in the waste disposal or waste hauling business; (Y) the proposed assignee is not considered creditworthy by Seller in its reasonable judgment, which, at a minimum, means having financial capability that is not less than the financial capability of Buyer as of the Effective Date of this Agreement; or (Z) the proposed assignee does not, in Seller's reasonable judgment, have the requisite technical experience relating to the assumption of Buyer's obligations hereunder (each a "Prohibited Transferee").

(b) Collateral Assignment. Notwithstanding anything to the contrary set forth in this Agreement, Buyer may not assign this Agreement as collateral for financing from one or more lenders, or any security agent of such lender(s) without the prior written consent of Seller, such consent to be in Seller's sole discretion.

(c) Assignment to Affiliate of Buyer. Notwithstanding the foregoing, Buyer may assign this Agreement to an Affiliate of Buyer, without the consent of Seller as long as (i) the Affiliate/assignee is not a Prohibited Transferee, and (ii) Buyer guarantees the performance hereunder of any such Affiliate/assignee; provided, however, that if at any time an Affiliate/assignee no longer qualifies as an Affiliate of Buyer, the provisions of this Section 12.11 shall apply.

(d) Change of Control. For purposes of this Agreement and except as provided in the immediately following sentence, a change in direct or indirect control of Buyer shall be deemed to be an assignment of Buyer's rights and obligations under this Agreement and subject to the provisions of this Section 12.11 (a "Deemed Assignment"), except where such Deemed Assignment is to (i) an Affiliate of Buyer that is not a Prohibited Transferee, or (ii) a financial institution exercising its rights with respect to equity interests of Buyer or one or more of its Affiliates pursuant to a security agreement and such financial institution is not a Prohibited Transferee (provided that any subsequent assignment of this Agreement, or any interest, rights or obligations herein, caused by such financial institution or any subsequent change in direct or indirect control of Buyer caused by such financial institution, shall each be deemed to be an assignment of Buyer's rights and obligations and subject to the provisions of this Section 12.11).

(e) For further clarity and the avoidance of doubt, (i) the assignment, sale or transfer of the equity of any entity holding ownership interests of Buyer shall constitute a Deemed Assignment and shall be subject to the provisions of this Section 12.11, and (ii) the assignment, sale or transfer of the equity of any entity that is publicly traded on a stock exchange in the United States or Europe and that indirectly holds ownership interests in Buyer through one or more subsidiaries, shall not constitute a Deemed Assignment and shall not be subject to the

provisions of this Section 12.11; provided, however, that within fifteen (15) business days of any request by Seller, Buyer shall provide reasonable evidence of OPAL Fuels LLC or an Affiliate of OPAL Fuels LLC possession of the power to direct or cause the direction of day-to-day management and policies of the Buyer, such as a copy of a management services agreement, operating agreement or similar documentation between Buyer or a Buyer Affiliate concerning the Facility. In submitting such information, Buyer may redact any information that is confidential to other party or parties to such agreements.

1.12 Interpretation. The terms and provisions are not to be construed more liberally in favor of, nor more strictly against, either party. To the extent the mutual covenants of the parties under this Agreement create obligations that extend beyond the termination or expiration of this Agreement, the applicable provisions of this Agreement shall be deemed to survive such termination or expiration for the limited purpose of enforcing such covenants and obligations in accordance with the terms of this Agreement. All schedules and exhibits attached hereto are incorporated herein by this reference.

1.13 Further Assurances. The parties shall perform all such acts (including, without limitation, executing and delivering instruments and documents) as reasonably may be necessary to fully effectuate the intent and each and all of the purposes of this Agreement, including consents to any assignments, transfers, subleases, or easements permitted hereunder.

1.14 No Partnership. Nothing contained in this Agreement shall be construed to create any association, trust, partnership, or joint venture or impose a trust or partnership, duty, obligation, or liability or an agency relationship on, or with regard to, either party. Neither party hereto shall have the right to bind or obligate the other in any way or manner unless otherwise provided for herein.

1.15 Confidential Information. Except as required by Applicable Law, neither party shall, without the prior written consent of the disclosing party, disclose (regardless of the form of disclosure) any Confidential Information (as hereinafter defined) to any third parties other than consultants, agents, representatives, actual or potential financiers, or employees of the receiving party ("Recipients") who (a) shall keep such Confidential Information confidential, and (b) need access to such Confidential Information to assist the receiving party in the exercise of its rights and the performance of its obligations under this Agreement. The receiving party shall notify any Recipients of the confidential nature of the Confidential Information, and the receiving party hereby agrees to be responsible for any breach of the terms of this Section by any Recipients of Confidential Information from the receiving party. "Confidential Information" shall mean this Agreement and the terms and conditions hereof and all data developed or collected by one party and provided to the other party or its agents (i) in connection with the Landfill, Seller's facilities and/or operation, or the Facility and/or operations, or (ii) as a result of any of the rights granted to, or obligations undertaken by, either party pursuant to this Agreement, whether or not designated as confidential, but shall not include information to the extent such information (1) is in the public domain at the time of disclosure, or (2) following disclosure, becomes generally known or available through no action or omission on the part of the receiving party, or (3) is known, or becomes known to the receiving party from a source other than the disclosing party or its representatives provided that disclosure by such source is not in breach of a confidentiality agreement with the disclosing party, or (4) is legally required to be disclosed by judicial or other governmental action; provided, however, that the receiving party shall make reasonable efforts to resist disclosure of such information, and further provided, that prompt notice of any judicial or other governmental action shall have been given to the disclosing party and that the disclosing party shall be afforded the opportunity (consistent with the legal obligations of the receiving party) to exhaust all reasonable legal remedies to maintain the Confidential Information in confidence. In no way limiting the foregoing, Buyer acknowledges and agrees that data collected or extrapolated by Buyer pursuant to its duties and obligations hereunder with respect to the

Collection System, the Landfill, or Seller's operations shall remain confidential for all purposes of this Agreement other than the limited disclosure required by Buyer or Seller for regulatory purposes. In the event that there is a breach by either party of the provisions of this Section, the disclosing party shall be entitled to a temporary and permanent injunction to restrain the receiving party from disclosing in whole or in part any Confidential Information, as prohibited hereunder, and the disclosing party shall be entitled to reimbursement for all costs and expenses, including reasonable attorney's fees, in connection therewith. Nothing in this Section shall be construed as prohibiting the disclosing party from pursuing such other remedies available to it for such breach including the recovery of damages from the receiving party.

1.16 Third Party Beneficiaries. This Agreement is intended to be solely for the benefit of the parties hereto and their successors and permitted assignees and is not intended to and shall not confer any rights or benefits on any other third party not a signatory hereto, except as provided in Section 6.7.

1.17 WAIVER OF DAMAGES; NON-RELIANCE. EXCEPT IN CONNECTION WITH CLAIMS BY THIRD PARTIES THAT ARE NOT AFFILIATES OF ANY PARTY HERETO OR THE FRAUD OR WILLFUL MISCONDUCT OF EITHER PARTY HERETO OR ITS RESPECTIVE AFFILIATES, NEITHER PARTY HEREUNDER SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, LOSS OF USE, LOST PROFITS, INCIDENTAL OR CONSEQUENTIAL (OTHER THAN ACTUAL AND DIRECT) DAMAGES ARISING UNDER OR OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN. NEITHER PARTY HERETO HAS RELIED UPON, AND SHALL NOT ASSERT THAT IT HAS RELIED UPON, ANY INFORMATION REGARDING BUYER, THE FACILITY, SELLER, THE LANDFILL, THE LANDFILL GAS OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND NONE OF THE PARTIES HERETO OR THEIR RESPECTIVE AFFILIATES SHALL HAVE OR BE SUBJECT TO ANY LIABILITY TO BUYER, SELLER OR ANY RESPECTIVE AFFILIATE OF A PARTY HERETO RESULTING FROM THE FURNISHING OF SUCH INFORMATION TO THAT PARTY OR AN AFFILIATE OF SUCH PARTY OR ANY RELIANCE ON, ANY SUCH INFORMATION OR ANY INFORMATION, DOCUMENTS OR MATERIALS MADE AVAILABLE TO A PARTY HERETO, A RESPECTIVE AFFILIATE OF SUCH PARTY IN ANY FORM IN EXPECTATION OF, OR IN CONNECTION WITH, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

1.18 Publicity and Corporate Identity. Neither party may use the name, trade name, trademarks, service marks, or logos of the other party or the existence of this Agreement or the project described herein or any likeness, photo, film or similar like kind reproduction of the other's facilities or property in any publicity releases, news releases, annual reports, signage, stationery, print literature, advertising, or websites without securing the prior written consent of the other party, which consent shall not be unreasonably withheld. Neither party shall issue any publicity or news releases regarding the Facility or project at the Landfill without the written consent of the other party, which consent shall not be unreasonably withheld. The parties shall not, without prior written consent of the other party, represent, directly or indirectly, that any product or service offered by the party has been approved or endorsed by the other party.

[Signature page to follow]

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement to be effective as of the Effective Date.

SELLER:

***]

By: [***]__
Name: [***]__
Title: [***]__
Date Signed: August 10, 2023

BUYER:

**FALL RIVER RENEWABLE POWER
LLC**, a Delaware limited liability company

By: /s/ J. G. Maurer
Name: Jonathan Maurer
Title: Co-Chief Executive Officer
Date Signed: August 11, 2023

[Signature Page to Third Amended and Restated Gas Sale and Purchase Agreement]

EXHIBIT A

[***]

EXHIBIT B

[***]

Exhibit B-1

EXHIBIT C
FORM OF SECURITY AGREEMENT

SECURITY AGREEMENT

between

Fall River Renewable Power LLC,

as Grantor

and

[***],

as Secured Party

Dated as of _____, 20__

Exhibit C-<#>

TABLE OF CONTENTS

Page

ARTICLE I	DEFINITIONS	1
Section 1.01.	Certain Defined Terms	1
ARTICLE II	THE COLLATERAL	3
Section 2.01.	Grant	3
Section 2.02.	Financing Statements	3
Section 2.03.	Use and Defense of Collateral	3
Section 2.04.	Rights and Obligations	4
Section 2.05.	Grantor's Covenants	4
Section 2.06.	The Secured Party's Appointment as Attorneys-in-Fact	5
Section 2.07.	Termination	5
ARTICLE III	REPRESENTATIONS	5
Section 3.01.	Organization	6
Section 3.02.	Title	6
ARTICLE IV	COVENANTS; INDEMNITY	6
Section 4.01.	Further Assurances	6
Section 4.02.	Negative Pledge	6
Section 4.03.	Indemnity	6
Section 4.04.	Records and Inspection	6
ARTICLE V	REMEDIES	7
Section 5.01.	Events of Default, Etc	7
Section 5.02.	Private Sale	8
Section 5.03.	Application of Proceeds	8
ARTICLE VI	MISCELLANEOUS PROVISIONS	8
Section 6.01.	Notices	8
Section 6.02.	Amendments	9
Section 6.03.	Successors and Assigns	9
Section 6.04.	Survival	9
Section 6.05.	Secured Party's Liability	9
Section 6.06.	No Waiver; Remedies Cumulative	9
Section 6.07.	Counterparts	9
Section 6.08.	Captions	9
Section 6.09.	Severability	9
Section 6.10.	Governing Law; Submission to Jurisdiction and Venue; Waiver of Jury Trial	10
Section 6.11.	Entire Agreement	11
Section 6.12.	Independent Obligations	11
Section 6.13.	Expenses	11

Annex 1 - Organization and Chief Executive Office of Grantor

Exhibit C-2

SECURITY AGREEMENT¹¹

This **SECURITY AGREEMENT** (this "Agreement"), dated as of _____, 20__ is made by and between **FALL RIVER RENEWABLE POWER LLC**, a Delaware limited liability company (together with its permitted successors and assigns, "Grantor"), and **[***]**, a Massachusetts corporation ("Secured Party").

RECITALS:

A. Pursuant to that certain Third Amended and Restated Gas Sale and Purchase Agreement dated as of _____, 2023, by and between Secured Party and Grantor (as amended, restated, supplemented or otherwise modified from time to time, the "GSPA"), Secured Party will sell to Grantor, and Grantor will purchase from Secured Party, Landfill Gas collected at the Landfill for use in the Facility for processing and generation of electricity utilizing a new processing, and generating facility to be built, owned and operated by Grantor on the Landfill.

B. Pursuant to that certain Third Amended and Restated Site Lease Agreement dated as of _____, 2023, by and between Secured Party and Grantor (as amended, restated, supplemented or otherwise modified from time to time, the "Site Lease"), Secured Party will lease the Site to Grantor for the purpose of constructing, maintaining and operating the Facility.

C. Secured Party has agreed to enter into the GSPA and sell to Grantor such Landfill Gas collected at the Landfill on the condition that Grantor provide certain Buyer Security; and this Agreement is being delivered in satisfaction of such requirement.

NOW, THEREFORE, in consideration of the foregoing covenants and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grantor hereby agrees with Secured Party as follows:

Article I DEFINITIONS

Section 1.01. Certain Defined Terms.

(a) Each capitalized term used and not otherwise defined herein shall have the meaning assigned to such term (whether directly or by reference to another agreement or document) in the GSPA. The rules of interpretation set forth in the GSPA are hereby incorporated by reference as if fully set forth herein.

(b) In addition to the terms defined in the GSPA, the preamble and the recitals, the following terms shall have the following respective meanings:

"Business Day" means any day that is not a Saturday, a Sunday, or a recognized holiday in the state of Massachusetts.

"Collateral" means as defined at Section 2.01.

“Discharge Date” shall mean earlier of (a) the date on which all of the Secured Obligations of Grantor under the GSPA shall have been indefeasibly paid in full in immediately available funds and (b) the date, as long as a foreclosure action has not been commenced against Grantor, Grantor has provided to Secured Party a Letter of Credit in the Letter of Credit Amount in accordance with the terms and conditions of Sections 6.8(b) and (c) of the GSPA. If a foreclosure action has been commenced against Grantor and Grantor wishes to provide to Secured Party a Letter of Credit in the Letter of Credit Amount, Grantor must obtain Secured Party’s prior written consent, which may be granted or withheld in Secured Party’s sole and absolute discretion.

“GSPA” has the meaning assigned to the term in the recitals of this Agreement.

“Lien” means any assignment (including an assignment for security purposes), mortgage or deed of trust encumbering an interest in real property, lien, charge, pledge, security interest or other encumbrance on property.

“Permitted Liens” means (a) any Liens arising under this Agreement, the GSPA, or the Site Lease; (b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; (c) materialmen’s, mechanics’, workers’, repairmen’s, employees’ or other like Liens arising in the ordinary course of business or in the construction, restoration, repair or replacement of the Facility, in each case either for obligations not delinquent for a period of more than sixty (60) days or being contested in good faith by appropriate proceedings; (d) Liens incurred in the ordinary course of business in connection with worker’s compensation, unemployment insurance, social security and other applicable laws and regulations for obligations not delinquent for a period of more than sixty (60) days or being contested in good faith by appropriate proceedings; (e) Liens arising out of judgments or awards so long as an appeal or proceeding for review is being prosecuted in good faith; (f) easements, zoning restrictions, rights-of-way or other encumbrances on real property imposed by law or arising in the ordinary course of business that do not materially interfere with the ordinary conduct of business of the Grantor or the development, construction or operation of the Facility or otherwise interfere with or impair the value of any Collateral; and (g) Liens that are subordinated to the Liens arising under this Agreement, the GSPA, or the Site Lease.

“Proceeds” has the meaning assigned to the term “proceeds” in the Uniform Commercial Code.

“Secured Obligations” shall mean any and all payment obligations of Grantor owing to Secured Party and its Affiliates, and their respective directors, officers, partners, shareholders, employees, agents, representatives, co-venturers, successors, permitted assigns, contractors or servants pursuant to the GSPA or the Site Lease.

“Security Event of Default” means (a) an Event of Default pursuant to Section 8.1(a) of the GSPA has occurred and is continuing (which shall include the failure to satisfy any payment obligations of Grantor owing to Secured Party and its Affiliates, and their respective directors, officers, partners, shareholders, employees, agents, representatives, co-venturers, successors, permitted assigns, contractors or servants pursuant to the GSPA or the Site Lease), (b) an Event of Default as defined in the Site Lease has occurred and is continuing (which shall include the failure to make any payment), and/or (c) Grantor has breached a material covenant hereunder and failed to cure within thirty (30) days after receipt of written notice from Secured Party concerning such breach.

“Site Lease” has the meaning assigned to the term in the recitals of this Agreement.

“Uniform Commercial Code” shall mean the Uniform Commercial Code as in effect in under the laws of the State of New York.

Article II THE COLLATERAL

Section 1.01. Grant. As collateral security for the prompt payment of the Secured Obligations in full when due, Grantor hereby pledges and grants to Secured Party a first priority lien and security interest in and to all of the following property of Grantor (subject to any Permitted Liens), wherever located, whether now owned or in the future acquired by Grantor and whether now existing or in the future coming into existence (collectively, the “Collateral”):

All of Grantor’s personal property and fixtures, wherever located, whether now or hereafter owned, existing or acquired or hereafter arising, including, without limitation, the following: all accounts, inventory, equipment, general intangibles (including, without limitation, trade names, permits, licenses and other intangible property rights), fixtures, goods, leasehold improvements, documents, instruments, chattel paper, money, deposit accounts, accounts receivable, rights to draw on letters and advices of credit and the cash or noncash proceeds (including insurance or other rights to receive payment with respect thereto) of any of the foregoing and all accessions and additions to and replacements of the foregoing, and all books and records pertaining to any of the foregoing.

Section 1.02. Financing Statements. Grantor authorizes Secured Party to file such financing statements and continuation statements in such offices as are or shall be necessary or as Secured Party may determine to be appropriate to create, perfect and establish the priority of the liens granted by this Agreement in any and all of the Collateral, to preserve the validity, perfection or priority of the liens granted by this Agreement in any and all of the Collateral or to enable Secured Party to exercise its remedies, rights, powers and privileges under this Agreement.

Section 1.03. Use and Defense of Collateral.

(a) So long as no Security Event of Default has occurred and is continuing, Grantor shall be entitled to use and possess the Collateral.

(b) So long as no Security Event of Default has occurred and is continuing, Grantor is free and entitled to sell, transfer, assign, convey, distribute or otherwise dispose of any of the Collateral in the ordinary course of its business but only if such sale, transfer, assignment, conveyance, or distribution (i) has a fair market value of less than One Hundred Thousand Dollars (\$100,000.00), (ii) does not impair the ability of the Facility to operate as contemplated under the GSPA, or (iii) does not cause Grantor or the Collateral to fail to comply with the terms and conditions of Section 2.4 of the GSPA. Any sale, transfer, assignment, conveyance, distribution or disposal of the Collateral in excess of One Hundred Thousand (\$100,000.00) shall require (Y) Grantor to notify Secured Party in writing at least ten (10) Business Days prior to Grantor’s sale, transfer, assignment, conveyance, distribution or disposal of the Collateral, and (Z) Grantor’s prior written consent, which consent shall not be unreasonably withheld. Grantor shall not sell, transfer, assign, convey, distribute or otherwise dispose of any of the Collateral in a series of transactions where such Collateral has a fair market value of less than One Hundred Thousand Dollars (\$100,000.00) with the intent of circumventing the notice and consent requirements of the immediately preceding sentence. For the avoidance of doubt, the restrictions contained in this Section 2.03(b) shall not apply to any sale, transfer, assignment, conveyance or distribution of Collateral that is being replaced with like-kind equipment.

(c) Grantor shall not create, permit or suffer to exist and shall defend the Collateral against, and take such other action as is necessary to remove, any lien in respect of the Collateral (other than Permitted Liens) and shall defend, at their sole cost and expense, the right, title and interest of Secured Party and Grantor in and to any of their rights in, to and under the Collateral against the claims and demands of all persons whomsoever. Grantor shall notify Secured Party promptly upon gaining knowledge of any event causing loss or significant change in circumstances causing material reduction in the value of the Collateral and the amount of such loss or reduction and in no event shall take any action which may impair Secured Party's rights in the Collateral.

Section 1.04. Rights and Obligations.

(a) Secured Party shall not be required to take steps necessary to preserve any rights against prior parties to any part of the Collateral.

(b) Grantor shall remain liable to perform its duties and obligations under the contracts and agreements included in the Collateral in accordance with their respective terms to the same extent as if this Agreement had not been executed and delivered. The exercise by Secured Party of any right, remedy, power or privilege in respect of this Agreement shall not release Grantor from any of its duties and obligations under those contracts and agreements. Secured Party shall not have any duty, obligation or liability under those contracts, agreements, permits or licenses included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the duties or obligations of Grantor under any such contract, agreement, permit or license or to take any action to collect or enforce any claim (for payment) under any such contract, agreement, permit or license.

(c) No lien granted by this Agreement in Grantor's right, title and interest in any contracts, agreements, permits or licenses shall be deemed to be a consent by Secured Party to any such contract, agreement, permits or licenses.

Section 1.05. Grantor's Covenants. In addition to the other covenants herein, Grantor agrees to not, during the term of this Agreement (and any extension thereto):

(a) use or permit the use of any Collateral for any unlawful purpose or in any way that would void any insurance required to be carried in connection therewith;

(b) waste, destroy or abandon the equipment or inventory or any part thereof except for equipment or inventory that, in the good faith judgment of the Grantor, is worn out, obsolete or without material economic value; and

(c) change their name, identity or corporate structure in any manner that might make financing statements filed in connection herewith misleading or ineffective.

Section 1.06. The Secured Party's Appointment as Attorneys-in-Fact. Effective upon the occurrence and continuance of a Security Event of Default, Grantor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as their true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Grantor upon notice thereto but without assent thereof, and in the name of Grantor or in their own names, from time to time, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action, in the Secured Party's reasonable discretion, and to execute any and all documents and instruments which may be reasonably necessary or desirable in the judgment of the Secured Party, and to take any of the actions permitted under Articles II and V hereof.

Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable. The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and in no event shall the Secured Party or any of its officers, directors, employees or agents be responsible to Grantor for any act or failure to act, except for willful misconduct, unless a higher standard is imposed by law.

Section 1.07. Termination. Upon the occurrence of the Discharge Date, Secured Party shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect of the Collateral, to or on the order of Grantor. Secured Party shall also execute and deliver to Grantor, at Grantor's expense, upon such termination such Uniform Commercial Code termination statements and other documentation as shall be reasonably requested by Grantor to effect the termination and release of the liens created under this Agreement. The security interest created hereby shall also be released with respect to any portion of the Collateral that is sold, transferred or otherwise disposed of in compliance with the terms and conditions of this Agreement.

Article III REPRESENTATIONS

As of the date of this Agreement, Grantor represents and warrants to Secured Party as follows:

Section 1.01. Organization.

(a) Annex 1 correctly sets forth Grantor's full and correct legal name, type of organization, jurisdiction of organization, organizational identification number (if applicable), chief executive office and mailing address as of the date of this Agreement.

(b) Grantor has not (i) changed its location (as defined in Section 9-307 of the Uniform Commercial Code), (ii) previously changed its name except as set forth on Annex 1 and (iii) previously become a "new debtor" (as defined in the Uniform Commercial Code) with respect to a currently effective security agreement entered into by another Person except as set forth on Annex 1.

Section 1.02. Title. Grantor is the sole beneficial owner of the Collateral in which it purports to grant a lien pursuant to this Agreement, and the Collateral is free and clear of all liens (subject to any Permitted Liens).

Article IV COVENANTS; INDEMNITY

Exhibit C-7

Section 1.01. Further Assurances. Until the Discharge Date and upon a request from Secured Party, Grantor shall take all necessary action to permit Secured Party immediately to perfect its lien and security interest in the Collateral, except for such Collateral in which a lien or security interest can be perfected only by possession. Such filings shall be in form and substance reasonably required by Secured Party. At Secured Party's request, Grantor shall execute and deliver to Secured Party, at any time and from time to time hereafter, all supplemental documentation (including, without limitation, deeds, conveyances, mortgages, assignments, notices of assignments, financing statements and continuation statements) that Secured Party may deem desirable or necessary to maintain, preserve, continue or perfect security interest and liens granted Secured Party hereby, in form and substance reasonably acceptable to Secured Party.

Section 1.02. Negative Pledge. Grantor shall not create, incur, assume or suffer to exist any Lien with respect to any of the Collateral other than Permitted Liens.

Section 1.03. Indemnity. In no event shall the Secured Party be liable for any matter or thing in connection with this Agreement other than to account for monies actually received by it in accordance with the terms hereof. Grantor agree to indemnify and hold harmless the Secured Party from and against any and all claims, demands, losses, judgments and liabilities of whatsoever kind or nature, and to reimburse the Secured Party for all costs and expenses, including reasonable attorneys' fees, growing out of or resulting from the exercise by the Secured Party of any right or remedy granted to it hereunder.

Section 1.04. Records and Inspection. Grantor agrees that it will at all times keep accurate and complete records with respect to the Collateral and agrees that Secured Party or its agents or representatives (including, without limitation, accountants, appraisers or other persons retained by Secured Party) shall have the right upon reasonable advance written notice to call during regular business hours at Grantor's place or places of business or where the Collateral may be located or where records relating thereto may be kept and to inspect such Collateral and to examine or cause to be examined such records and to make extracts therefrom or copies thereof. Grantor will, with respect to the Collateral, deliver to Secured Party, at Grantor's expense, such papers as Secured Party may reasonably request.

Article V REMEDIES

Section 1.01. Events of Default, Etc. If any Security Event of Default shall have occurred and be continuing:

(a) Secured Party in its discretion may require Grantor to, and Grantor shall, assemble the Collateral owned by it at such place or places, reasonably convenient to both Secured Party and Grantor, designated in Secured Party's request;

(b) Secured Party in its discretion may make any reasonable compromise or settlement it deems desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, all or any part of the Collateral;

(c) Secured Party in its discretion may, in its name or in the name of Grantor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for all or any part of the Collateral, but shall be under no obligation to do so;

(d) Secured Party in its discretion may, upon reasonable prior written notice to Grantor of the time and place, with respect to all or any part of the Collateral which shall then be or shall thereafter come into the possession, custody or control of Secured Party, or any of its Collateral Agents, sell, lease or otherwise dispose of all or any part of such Collateral, at such place or places as Secured Party deems best, for cash, for credit or for future delivery (without thereby assuming any credit risk) and at public or private sale, without demand of performance or notice of intention to effect any such disposition or of time or place of any such sale (except such notice as is required above or by applicable statute and cannot be waived), and Secured Party or any other Person may be the purchaser, lessee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of Grantor, any such demand, notice and right or equity being hereby expressly waived and released. Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned;

(e) Secured Party shall have, and in its discretion may exercise, all of the rights, remedies, powers and privileges with respect to the Collateral of a secured party under the Uniform Commercial Code and such additional rights, remedies, powers and privileges to which a secured party is entitled under the laws in effect in any jurisdiction where any rights, remedies, powers and privileges in respect of this Agreement or the Collateral may be asserted, including the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if Secured Party were the sole and absolute owner of the Collateral (and Grantor agrees to take all such action as may be appropriate to give effect to such right); and

(f) Secured Party in its discretion may enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Secured Party from pursuing any other or further remedy which it may have hereunder or by law, and any repossession or retaking or sale of the Collateral pursuant to the terms hereof shall not operate to release Grantor until full and final payment of any deficiency has been made in cash. Grantor shall reimburse Secured Party upon demand for, or Secured Party may apply any proceeds of Collateral to, the costs and expenses (including reasonable attorneys' fees, transfer taxes and any other charges) incurred by Secured Party in connection with any sale, disposition, repair, replacement, alteration, addition, improvement or retention of any Collateral hereunder.

The proceeds of, and other realization upon, the Collateral by virtue of the exercise of remedies under this Section 5.01 shall be applied in accordance with Section 5.03.

Section 1.02. Private Sale. Secured Party shall incur no liability as a result of the sale, lease or other disposition of all or any part of the Collateral at any private sale pursuant to Section 5.01 conducted in a commercially reasonable manner.

Section 1.03. Application of Proceeds. Except as otherwise expressly provided in this Agreement and except as provided below in this Section 5.03, the Proceeds of, or other realization upon, all or any part of the Collateral by virtue of the exercise of remedies under Section 5.01, and any other cash at the time held by Secured Party or under this Article V, shall be applied by Secured Party:

First, to the payment of the costs and expenses of such exercise of remedies, including reasonable out-of-pocket costs and expenses of Secured Party, the fees and expenses of its collateral agents and counsel and all other expenses incurred and advances made by Secured Party in that connection;

Next, to the payment in full of the remaining Secured Obligations equally and ratably in accordance with their respective amounts then due and owing and for amounts not yet due and owing, a reasonable reserve at least equal to the estimated amount to be due and owing in the future or as Secured Party may otherwise agree; and

Finally, subject to the rights of any other holder of any lien in the relevant Collateral, to the payment to Grantor, or its respective successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

Article VI MISCELLANEOUS PROVISIONS

Section 1.01. Notices. All notices and other communications provided for herein (including, without limitation, any modifications of, or waivers or consents under, this Agreement) shall be given or made in writing (which may be by telecopier) delivered to the intended recipient at the address listed at Section 12.3 of the GSPA (*Notices*); or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopier or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

Section 1.02. Amendments. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be amended or modified only by an instrument in writing signed by Grantor and Secured Party and any provision of this Agreement may be waived in writing only by Secured Party.

Section 1.03. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns of the parties to this Agreement; provided, however, that Grantor may not assign or transfer any of its respective rights or interest in or under this Agreement or delegate any of its obligations under this Agreement without the prior written consent of Secured Party, which such consent shall be in the sole and absolute discretion of Secured Party.

Section 1.04. Survival. All agreements, statements, representations and warranties made by Grantor herein or in any certificate or other instrument delivered by Grantor or on its behalf under this Agreement shall be considered to have been relied upon by Secured Party and shall survive the execution and delivery of this Agreement until termination thereof regardless of any investigation made by or on behalf of Secured Party.

Section 1.05. Secured Party's Liability. In no event shall Secured Party be liable for any matter or thing in connection with this Agreement other than to account for monies actually received by it in accordance with the terms hereof.

Section 1.06. No Waiver; Remedies Cumulative. No failure or delay on the part of Secured Party in exercising any right, power or privilege hereunder and no course of dealing between Grantor and Secured Party shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder.

Section 1.07. Counterparts. This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts, by facsimile or electronic mail, and all of said counterparts taken together shall be deemed to constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signatures are physically attached to the same document. A facsimile or "pdf" signature page shall constitute an original for purposes hereof.

Section 1.08. Captions. The headings of the several articles and sections and sub sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 1.09. Severability. In case any provision contained in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 1.10. Governing Law; Submission to Jurisdiction and Venue; Waiver of Jury Trial.

(a) Governing Law. THIS AGREEMENT, AND ANY INSTRUMENT OR AGREEMENT REQUIRED HEREUNDER (TO THE EXTENT NOT EXPRESSLY PROVIDED FOR THEREIN), SHALL BE GOVERNED BY, AND CONSTRUED UNDER, THE LAWS OF THE STATE OF ARIZONA, APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE AND WITHOUT REFERENCE TO CONFLICTS OF LAWS RULES THEREOF.

(b) Submission to Jurisdiction. ANY DISPUTE SHALL BE BROUGHT EXCLUSIVELY IN THE STATE OR FEDERAL COURTS LOCATED IN MARICOPA COUNTY, ARIZONA. BY EXECUTION AND DELIVERY OF THIS AGREEMENT, WITH RESPECT TO LEGAL ACTIONS THAT MAY ARISE UNDER THIS AGREEMENT, EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND IRREVOCABLY: (A) CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THESE COURTS; (B) WAIVES ANY IMMUNITY OR OBJECTION, INCLUDING ANY OBJECTION TO PERSONAL JURISDICTION OR THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY HAVE FROM OR TO THE BRINGING OF THE DISPUTE IN SUCH JURISDICTION; (C) WAIVES ANY PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS THAT MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE STATE OF ARIZONA; (D) WAIVES ANY RIGHT TO TRIAL BY JURY; (E) AGREES THAT ANY SUCH DISPUTE SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY; AND (F) AGREES THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS, WAIVERS AND AGREEMENTS OF THE PARTIES SET FORTH IN THIS SECTION.

(c) EXCEPT IN CONNECTION WITH CLAIMS BY THIRD PARTIES THAT ARE NEITHER INDEMNIFIED PARTIES NOR INDEMNIFIED PARTIES, THE FRAUD OR WILLFUL MISCONDUCT OF THE OTHER PARTY, OR ANY OF ITS SUCCESSORS IN INTEREST OR THEIR AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS OR COLLATERAL AGENTS, NO CLAIM MAY BE MADE BY EITHER PARTY HERETO AGAINST THE OTHER PARTY, OR ANY OF SUCH PARTY'S SUCCESSORS IN INTEREST OR THEIR AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS OR COLLATERAL AGENTS OR ANY OF THEM FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATING TO, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER OPERATIVE DOCUMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE OTHER OPERATIVE DOCUMENTS AND EACH PARTY HERETO HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE UPON ANY CLAIM FOR ANY SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

Section 1.11. Entire Agreement. This Agreement, together with any other agreement executed in connection with this Agreement, is intended by the parties as a final expression of their agreement as to the matters covered by this Agreement and is intended as a complete and exclusive statement of the terms and conditions of such agreement.

Section 1.12. Independent Obligations. Grantor's obligations under this Agreement are independent of those of Grantor or any other Person. Secured Party may bring a separate action against Grantor without first proceeding against Grantor or any other Person or any other security held by Secured Party and without pursuing any other remedy.

Section 1.13. Expenses. Grantor agrees to pay or to reimburse Secured Party for all costs and expenses (including reasonable attorney's fees and expenses) that may be incurred by Secured Party in any effort to enforce any of the provisions of Article V, or any of the obligations of Grantor in respect of the Collateral or in connection with any actual or attempted sale, lease, disposition, exchange, collection, compromise, settlement or other realization in respect of, or care of, the Collateral, including all such costs and expenses (and reasonable attorney's fees and expenses) incurred in any bankruptcy, reorganization, workout or other similar proceeding.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

SECURED PARTY:

[***]

By: __
Name: __
Title: __
Date Signed: __, 20__

GRANTOR:

**FALL RIVER RENEWABLE POWER
LLC**, a Delaware limited liability company

By: __
Name: __
Title: __
Date Signed: __, 20__

Annex 1

[***]

Exhibit C-14

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

I, Adam Comora, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OPAL Fuels Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

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

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

I, Jonathan Maurer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OPAL Fuels Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Jonathan Maurer
Co-Chief Executive Officer
(Co-Principal Executive Officer)

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

I, Ann Anthony, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OPAL Fuels Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Ann Anthony
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of OPAL Fuels Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Adam Comora, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2023

/s/ Adam Comora

Name: Adam Comora

Title: Co-Chief Executive Officer

(Co-Principal Executive Officer)

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

In connection with the Quarterly Report of OPAL Fuels Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan Maurer, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2023

/s/ Jonathan Maurer

Name: Jonathan Maurer

Title: Co-Chief Executive Officer

(Co-Principal Executive Officer)

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

In connection with the Quarterly Report of OPAL Fuels Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ann Anthony, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2023

/s/ Ann Anthony

Name: Ann Anthony

Title: Chief Financial Officer

(Principal Financial Officer)