CREDIT OPINION
20 May 2024

Update

RATINGS

NextEra Energy, Inc.

Domicile	Juno Beach, Florida, United States
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the *ratings section* *at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.*

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NextEra Energy, Inc.

Update to credit analysis

Summary

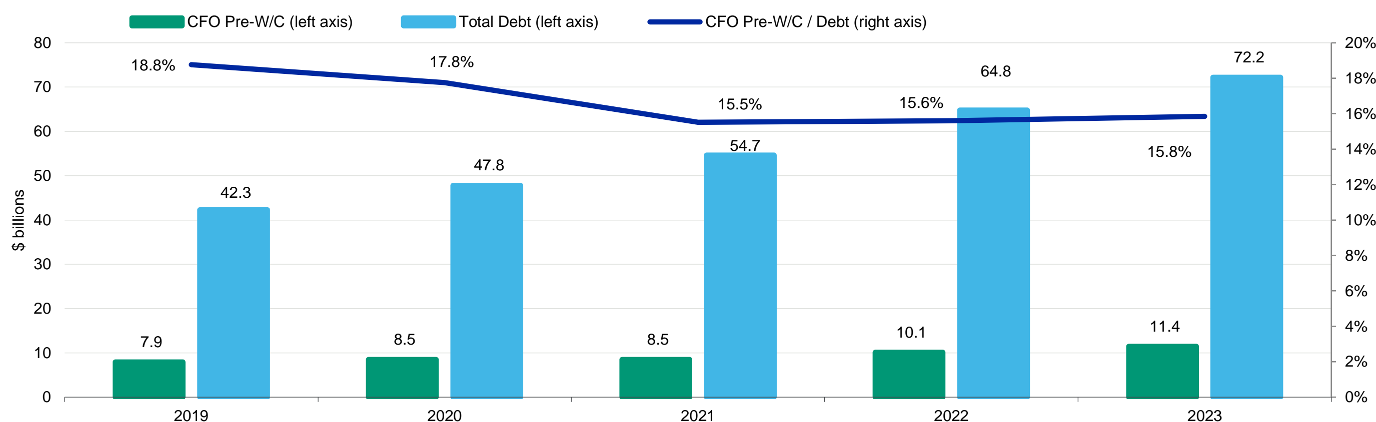
NextEra Energy, Inc.'s (NEE, Baa1 stable) credit profile reflects its size and scale, particularly its industry leading positions in the regulated utility and renewable energy sectors, as well as its historically solid financial profile. Its principal utility subsidiary, Florida Power and Light Company (FPL), is the foundation of NEE's credit quality and one of the largest and financially strongest regulated electric utilities in the US. FPL accounted for roughly 70% of NEE's consolidated EBITDA and makes up the majority of NEE's regulated business. Most of NEE's remaining EBITDA is generated by NextEra Energy Resources LLC (NEER), which holds the largest private portfolio of renewable power projects in North America. NEER is the principal subsidiary of NextEra Energy Capital Holdings, Inc. (NEECH, Baa1 stable), an intermediate holding company and the principal debt financing vehicle for NEE's businesses outside of the Florida utility. NEER also owns a majority 51.4% interest in NextEra Energy Partners, LP (NEP, Ba1 corporate family rating stable), a yieldco that acquires, manages and owns long-term contracted clean energy projects and gas pipelines with stable cash flow.

NEE's financial profile is currently weaker than historical levels mainly due to higher leverage incurred to fund growth in its renewable business. For 2023, NEE's consolidated ratio of cash flow from operations pre-working capital changes (CFO pre-W/C) to debt was roughly 16.3%, pro forma for excess cash on the balance sheet and higher short-term debt associated with elevated deferred fuel balances at FPL. NEE's financial metrics have been trending lower than historical levels when CFO pre-W/C to debt was in the 17-18% range. When taking a forward view, pro forma for debt reduction using proceeds from future equity unit conversions, we estimate that NEE's ratio of CFO pre-W/C to debt would be about 16%, including the proportional consolidation of NEP's results. We expect NEE's financial profile to improve in 2024, including a consolidated ratio of CFO pre-W/C to debt trending towards 17%, the financial metric threshold that we have indicated could lead to a downgrade.

NEE utilizes a substantial amount of non-recourse project level debt to finance some of its projects. Debt service on the project debt has a senior claim on project cash flows, which results in a degree of structural subordination for NEECH's corporate debt. We view these projects as a core part of NEE's overall business and growth prospects and expect that NEE, as the sponsor, will continue to support financially healthy projects. We note the size and diversity of NEER's portfolio of renewable projects with no one project being overly material to NEE's consolidated financial results. As an alternative view, when excluding the non-recourse project debt from our ratio calculations, financial metrics would improve such that we estimate NEE's ratio of CFO pre-W/C to debt would be almost 19% for 2023, which exceeds the financial metric threshold that we have indicated could lead to a downgrade.

NEE's credit is also constrained by an elevated level of holding company debt, approximately 42% of consolidated debt, which includes the proportional consolidation of NEP's debt. Although NEE's holdco debt is down from approximately 50% of total debt at the end of 2022, NEE's percentage of holding company debt remains one of the highest among regulated utility holding company peers. NEE is also exposed to extreme weather events such as hurricanes and tropical storms that periodically affect FPL's service territory. However, the Florida regulatory and legislative environments have a history of credit supportiveness during and in the aftermath of such events.

Exhibit 1
Historical CFO pre-WC, Total Debt and ratio of CFO pre-W/C to Debt



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for NonFinancial Corporation.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

Credit strengths

» Large size and leading position in the regulated utility and renewable energy sectors

» FPL's strong credit quality is the foundation of NEE's credit profile

» Continued focus on growing regulated assets strengthens business risk profile

» NEER's higher risk profile is mitigated by long-term power contracts largely with investment grade counterparties

Credit challenges

» Financial metrics are lower than historical levels

» Holding company debt percentage is one of the highest in the sector, constraining the ratings of the entire corporate family

» Large annual negative free cash flow balances continue at NEECH due to elevated investments that require substantial debt financing

» Geographic concentration in Florida with high risk of storm events

» Aggressive acquisition appetite for primarily regulated assets as well as renewables

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Rating outlook

NEE's stable outlook reflects our expectation that FPL will continue to maintain a strong financial profile while operating within a highly supportive Florida regulatory environment; NEER's renewable asset portfolio will maintain its steady operating performance; major construction projects will be executed on time and within budget; and the company will continue to have strong access to the capital markets. The stable outlook considers our expectation that NEE's financial profile will strengthen such that key credit metrics will improve to levels maintained historically, including a ratio of CFO pre-W/C to debt of about 17% in 2024. The stable outlook also incorporates our view that any M&A transactions, if executed, will be financed in a manner that maintains a financial profile that supports current credit quality.

Factors that could lead to upgrade

An upgrade of NEE is unlikely in the near future due to the high percentage of holding company debt, elevated capital project investments financed with substantial debt, single state concentration of its principal utility that is exposed to extreme weather events, and the company's aggressive M&A appetite. Longer term, NEE could be upgraded if there is material debt reduction at NEECH such that the percentage of holding company debt declines substantially as a percentage of total debt and consolidated financial metrics improve such that NEE's ratio of CFO pre-W/C to debt is sustained above 20%.

Factors that could lead to downgrade

NEE could be downgraded if we do not expect its ratio of CFO pre-W/C to debt to improve and be sustained above 17%. NEE could also be downgraded if the regulatory environment deteriorates in Florida, such that there are delays in cost recovery; or there are adverse tax or environmental policy developments that negatively affect NEER's renewable energy business. A downgrade could also occur if NEE's business risk profile deteriorates meaningfully or if its holding company level debt increases from current levels. A downgrade of FPL could lead to a downgrade of NEE, due to the importance of the utility to the parent.

Key indicators

Exhibit 2

NextEra Energy, Inc.

	2019	2020	2021	2022	2023
CFO Pre-W/C + Interest / Interest	4.4x	5.1x	7.1x	15.0x	4.2x
CFO Pre-W/C / Debt	18.8%	17.8%	15.5%	15.6%	15.8%
CFO Pre-W/C – Dividends / Debt	12.9%	11.9%	9.9%	10.3%	10.5%
Debt / Capitalization	45.4%	47.1%	49.9%	52.2%	50.5%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

Profile

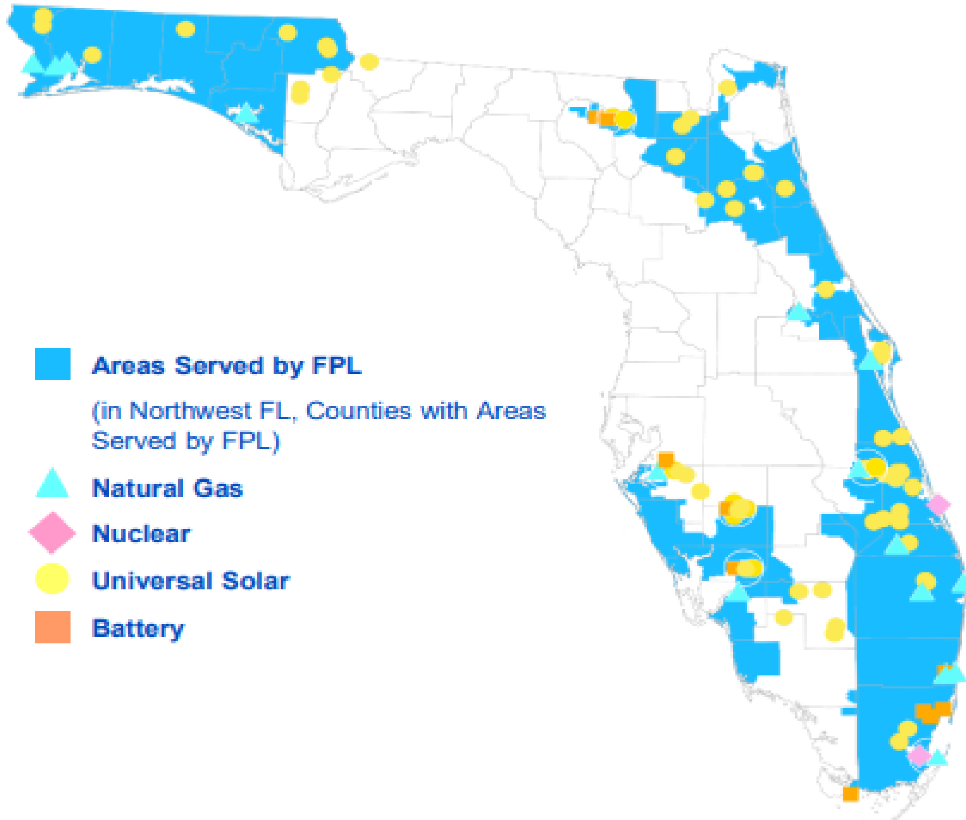
Headquartered in Juno Beach, Florida, NextEra Energy, Inc. (NEE) is one of the largest holding companies in our global regulated utility rated universe. NEE's principal operating utility, Florida Power & Light Company (FPL, A1 stable) is one of the largest vertically integrated regulated utilities in the US and serves 5.9 million customer accounts or an estimated 12 million residents across more than half of the state of Florida. FPL typically accounts for about 70% of NEE's consolidated EBITDA.

In January 2022, FPL completed its integration of Gulf Power, one year after the two companies legally merged into FPL after the Federal Energy Regulatory Commission (FERC) approved their merger application in October 2020. In addition, within the company's 2021 rate agreement, rates for FPL and legacy Gulf Power became unified. FPL continued as the surviving entity as Gulf Power will conduct business as FPL in its service territory. NEE acquired Gulf Power from The Southern Company (Southern, Baa2 positive) in January 2019.

NEE is also the holding company of NextEra Energy Capital Holdings, Inc. (NEECH, Baa1 stable), which is the principal debt financing entity for the businesses outside of the Florida utility and an intermediate holding company of NextEra Energy Resources (NEER, unrated). NEER is an intermediate holding company for NEE's independent power projects as well as its ownership interests in natural gas pipelines, and through a subsidiary also has majority ownership interest (currently 51.4%) in the yieldco, NextEra Energy Partners,

LP (NEP, Ba1 stable). NEER's other subsidiaries include NextEra Energy Transmission (NEET, unrated), which holds FERC regulated electric transmission assets. NEE has no debt of its own but provides an unconditional guarantee of debt that resides at NEECH.

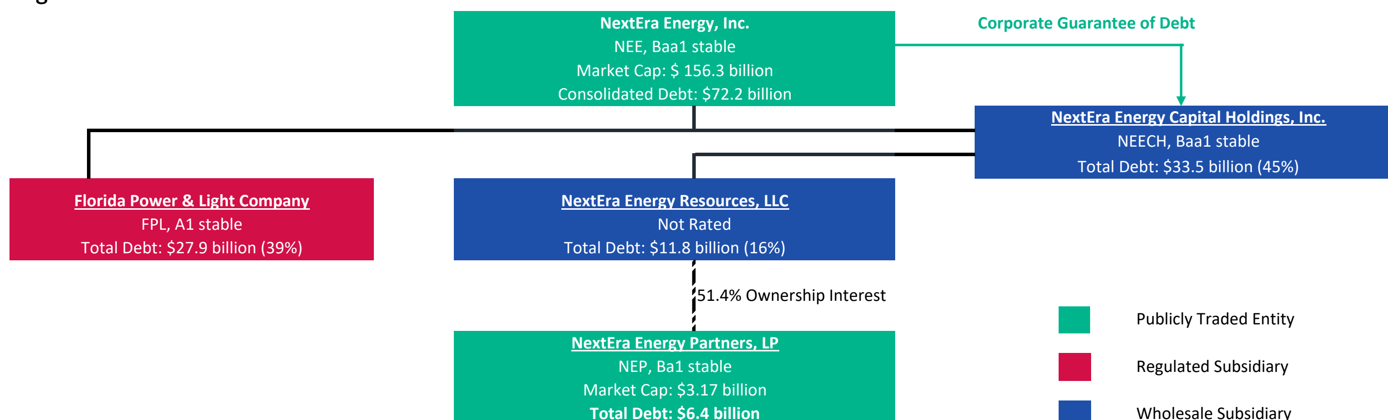
Exhibit 3
Map of NEE's regulated utility service area



Source: Company filings

Detailed credit considerations

Exhibit 4
Organizational Chart



NEP Market Capitalization as of 20 May 2024; NEE Market Capitalization as of 20 May 2024; Gulf Power was legally merged into FPL on 1 January 2021.
Source: Company filings

FPL's strong credit quality remains the foundation of NEE's credit profile

FPL is NEE's principal subsidiary and "crown jewel" as it is one of the financially strongest regulated electric utilities in the US, forming the foundation of NEE's credit quality. At the same time, FPL's geographic concentration in Florida exposes NEE to the state's economic cycles, weather events such as severe storms and hurricanes, and any significant changes to the political and regulatory environment. A rarity among US regulated electric utilities, FPL's fast growing population within its service territory generates organic sales and load growth, as well as new investment opportunities that provide steady rate base expansion with earnings and cash flow growth potential.

The regulatory environment for investor-owned utilities in Florida remains highly credit supportive. In its last several rate proceedings, FPL has been able to achieve multiyear rate settlements which provide a high degree of rate certainty and have supported the company's credit quality. They have included timely recovery of rate base investments, including generation, and grid hardening to combat extreme weather events, while also addressing the impacts of storm restoration costs, as needed.

In March 2023, the Florida Public Service Commission (FPSC) approved FPL's January 2023 request to recover 2022 deferred fuel charges of approximately $2.1 billion over a 21-month period beginning April 2023. Since the March approval, natural gas prices have declined to levels more consistent with the commodity costs seen prior to the spike experienced in 2022. As a result, the FPSC approved three mid-course corrections in 2023 allowing FPL to reduce the fuel charges on customer bills because of further declines in the natural gas forward curve.

Also in March 2023, the FPSC approved FPL's request to begin recovering eligible storm costs of approximately $1.3 billion related to Hurricanes Ian and Nicole. The amount will be collected through an interim surcharge that will apply for a 12-month period that began April 2023 and will be subject to refund based on an FPSC prudence review.

On 26 October 2021, the FPSC unanimously approved FPL's multiyear rate settlement agreement, based on a forward test year, approving an up to $1.5 billion base rate revenue increase over the four-year period 2022-25. The revenue increase supports FPL's long-term investments to upgrade its infrastructure, including for resiliency and grid hardening, in response to increasing occurrences of climate change related extreme weather events, such as hurricanes. The settlement was premised on an allowed return on equity (ROE) of 10.6%, up from 10.55% previously, and the continuation of an equity ratio that FPL has consistently maintained at about 60%. The allowed ROE range is 9.7%-11.7%, which allows FPL to effectively earn up to an 11.7% return. The company has been able to achieve earned ROE's towards the upper end of its authorized ROE range through strong customer and sales growth as well as continued improvements in operating efficiency. Since then, beginning in September 2022, owing to the rise in US treasury rates, the FPSC approved an increase in FPL's authorized ROE range to 9.8%-11.8% with a midpoint of 10.8%.

The settlement included several key intervening parties consisting of the state's consumer advocacy group, the Florida Office of Public Counsel, the Florida Retail Federation, the Florida Industrial Power Users Group and the Southern Alliance for Clean Energy. On 25 March 2024, the FPSC issued a supplemental final order to not reopen FPL's October 2021 settlement order, which effectively reaffirmed the rate settlement in its entirety. The reaffirmation was in response to an appeal by various parties including Floridians Against Increased Rates, Inc., which led the Florida Supreme Court, in September 2023, to remand the final rate order approving the rate settlement agreement back to FPSC for reconsideration. See "Florida regulator reaffirms its original approval of utility's 2021 rate settlement, a credit positive" for further discussion.

On 12 March 2024, NEE announced that the Federal Election Commission (FEC) had notified the company that it had voted to close the complaint alleging that FPL had violated the Federal Election Campaign Act (FECA). The closing of the complaint without any violation findings is credit positive for FPL because it alleviates some of the heightened corporate governance risk that had resulted from multiple NEE disclosures on the matter in January 2023. See "Closure of Federal Election Commission complaint without any violation findings is credit positive" for further discussion.

Financial profile is weaker than historical levels

NEE's typically solid financial profile is currently weaker than historical levels mainly due to higher leverage incurred to fund strong growth in its renewable business. For 2023, NEE's consolidated ratio of cash flow from operations pre-working capital changes (CFO pre-W/C) to debt was roughly 16.3%, pro forma for excess cash on the balance sheet and higher short-term debt associated with elevated deferred fuel balances at FPL. NEE's financial metrics have been trending lower than historical levels when CFO pre-W/C todebt was in the 17-18% range. When taking a forward view, pro forma for debt reduction using proceeds from future equity unit conversions, we estimate that NEE's ratio of CFO pre-W/C to debt would be about 16%, including the proportional consolidation of NEP's results. We expect NEE's financial profile to improve in 2024 including a consolidated ratio of CFO pre-W/C to debt trending towards 17%, the financial metric threshold that we have indicated could lead to a downgrade.

NEE utilizes a substantial amount of non-recourse project level debt to finance some of its projects. Debt service on the project debt has a senior claim on the project cash flows, which results in a degree of structural subordination for NEECH's corporate debt. We view these projects as a core part of NEE's overall business and growth prospects and expect that NEE, as the sponsor, will continue to support financially healthy projects. We also note the size and diversity of NEER's portfolio of renewable projects with no one project being overly material to NEE's consolidated financial results. As an alternative view, when excluding the non-recourse project debt from our ratio calculations, financial metrics improve such that we estimate NEE's ratio of CFO pre-W/C to debt would be almost 19% for 2023, which exceeds the financial metric threshold that we have indicated could lead to a downgrade.

NEE's relatively high percentage of holding company debt, approximately 42% of consolidated debt including the proportional consolidation of NEP's debt, and its higher risk, albeit heavily contracted, unregulated business are incorporated into our credit analysis. When allocating some parent debt to certain unlevered nuclear operating assets, holding company debt is still high at about 39% of consolidated debt. These factors constrain the credit profile of the entire corporate family and this is reflected in the relatively wide, three notch differential between the ratings of NEE and its principal utility subsidiary, FPL.

Holding company leverage remains elevated and constrains the credit profile of the entire corporate family

We estimate NEE's holdco debt as a percentage of consolidated debt to be about 42%, including the proportional consolidation of its ownership in NEP. Although NEE's holdco debt is down from approximately 50% at the end of 2022, the percentage of holding company debt remains one of the highest within the regulated utility sector, and is a constraint on the credit quality of the entire corporate family.

The holding company debt includes $2 billion of debentures related to equity units issued in 2022. These securities trigger the mandatory issuance of new equity in three years from the time of issuance. As has been the case historically, we expect NEE to use the proceeds from the new equity to pay down holding company debt. When taking a forward view on the conversion of these equity units and assuming the company pays off debt with the proceeds as it has done historically with previous equity units, NEE's holdco debt would fall to approximately 40% of consolidated debt, including the proportional consolidation of its ownership in NEP. We expect NEE's percentage of holding company debt to modestly and gradually decline over time.

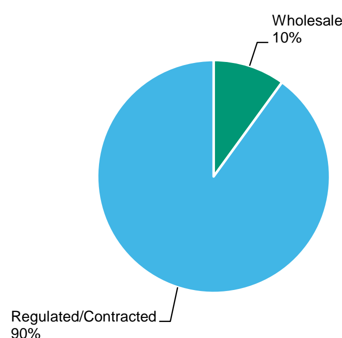
Since the Gulf Power acquisition in 2019, NEE has continued to pursue regulated utility acquisitions but has not made any material acquisitions since that time. Instead, NEE has executed relatively small acquisitions including FERC regulated transmission assets such as Trans Bay Cable LLC in 2019 and GridLiance Holdco (unrated) in 2020. In March 2023, NEER acquired a portfolio of renewable energy projects for approximately $1.1 billion, plus the assumption of approximately $34 million of existing project finance debt. The portfolio consisted primarily of 31 biogas projects, one of which is an operating renewable natural gas facility and the others are primarily operating landfill gas-to-electric facilities. Although these assets add to NEE's unregulated activities, they have long-term contracts mitigating some of the higher risk relative to rate regulated assets.

NEER has a higher risk profile than FPL, although mitigated by long term contracts, and maintains strong growth potential

NEER, which accounts for roughly 30% of NEE's EBITDA, continues to increase the contracted portion, currently about 70%, of its large portfolio of renewable assets and we expect this to continue. At the same time, NEE's regulated and contracted assets combined to account for about 90% of adjusted EBITDA.

Exhibit 5

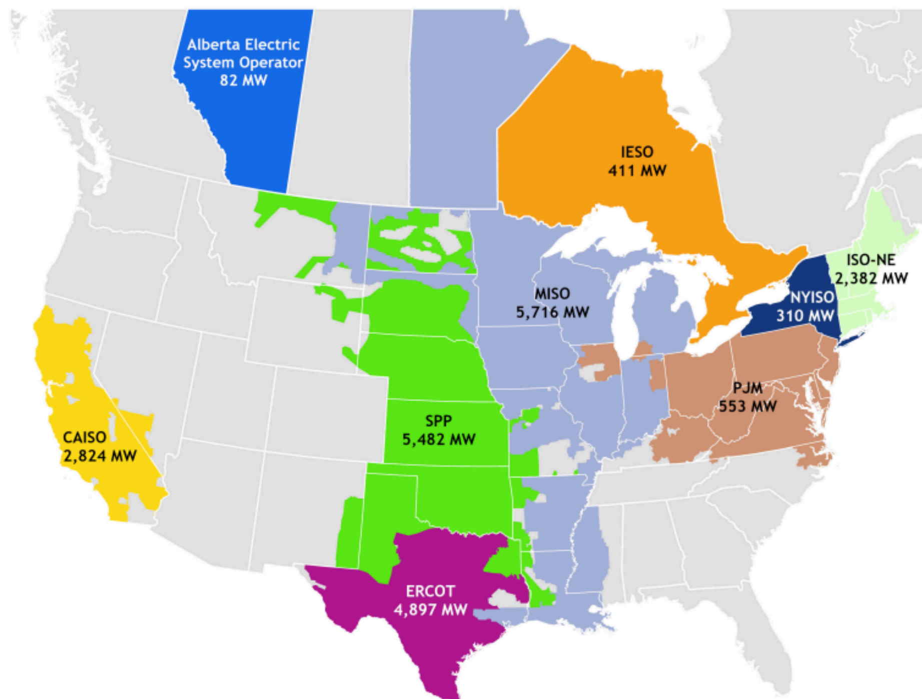
NextEra's 2023 business mix based on adjusted EBITDA



Regulated assets include FPL, FERC regulated transmission assets and pipelines.
Source: Company filings

NEER has a large, diverse portfolio of generation assets, and is the largest owner of wind and solar generation in North America. Strong demand for renewable energy provides NEER with growth opportunities to sell renewable power under long-term contracts, primarily to investment grade counterparties that are attracted to the generally low cost of renewable power, or are seeking to satisfy environmental mandates, make progress on carbon transition or meet customer preferences. Additionally, as the US, like other countries globally, continues to progress towards carbon free generation, renewable energy will continue to be in high demand. The long term revenue visibility from contracted, predominantly renewable assets, which entail no fuel risk or commodity price exposure, is in contrast to the typically higher risk associated with unregulated power companies that are exposed to wholesale merchant power sales as well as challenged coal plants. Although NEER continues to invest heavily in development and project execution risk remains, NEER has a strong track record of completing projects on time and within budget.

Exhibit 6
NEER generation capacity by region



Source: Company filing

Although many utilities have met or are close to meeting their near-term renewable portfolio standards, utilities continue to increase their carbon reduction goals longer term. At the same time, NEER continues its efforts to contract with large, creditworthy corporations, further diversifying its customer base.

On 16 August 2022, the Inflation Reduction Act (IRA) was signed into law which, among other things, included extensions for wind and solar tax credits on renewable projects that start construction before the later of 2034 or the end of the calendar year following the year in which greenhouse gas emissions from US electric generation are reduced by 75% from 2022 levels; a new solar PTC; a stand alone battery ITC; the ability to transfer renewable energy tax credits to a third party; and a 15% corporate minimum tax based on pre-tax income for years after 2022. The extension of tax credits, continuous technological improvements and reduced costs, as well as overall strong renewable demand, should continue to be positive for NEER's future business growth.

As a result of the IRA, FPL is eligible for PTCs related to solar projects that entered service beginning in 2022, which results in a greater tax benefit, and consequently, customer savings of approximating $400 million. Pursuant to FPL's 2021 rate agreement, federal or state corporate tax changes can be reflected in customer rates during the term of the agreement. As such, FPL refunded customers approximately $36 million in January 2023 and implemented a decrease in annualized retail base revenues of approximately $70 million beginning this year.

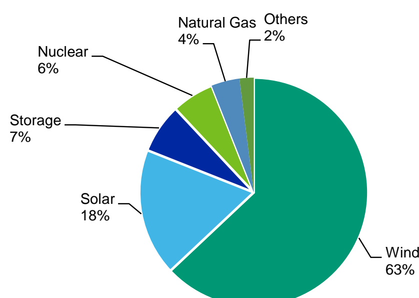
NEER's cash flow continues to increase as new generation capacity is constructed and long-term contracts are added. NEER generally manages the construction of renewable projects to make the most of the federal tax credits available. The company's capital expenditures remain elevated due to continued high demand for renewables. As such, NEER has grown its renewable capacity from approximately 16 GW in 2016 to approximately 34 GW in 2023.

Exhibit 7
NEER's development program remains elevated with over 20 GW in its backlog of signed contracts (MW)

	2023-2024 Signed Contracts	2023-2024 Expectations	2025-2026 Signed Contracts	2025-2026 Expectations	2023-2026 Expectations
Wind	4,075	4,000-4,800	1,799	8,000-9,800	12,000-14,600
Solar	5,832	5,500-6,600	7,200	9,400-12,400	14,900-19,000
Energy Storage	2,486	2,500-2,800	2,650	2,600-4,000	5,100-6,800
Wind Repowering	184	100-400	444	600-1,000	700-1,400
Total	12,577	12,100-14,600	12,093	20,600-27,200	32,700-41,800

Source: Company filings

Exhibit 8
NEER's generation fuel mix based on MW (Includes NEP)



Source: Company filings

As part of NEE's strategy to strengthen its overall business risk profile, NEER has been investing in FERC regulated gas pipelines and electric transmission assets, which diversifies its portfolio beyond renewable projects. Additionally, the company continues to grow its investments in energy storage, which is an emerging technology growth area in the renewable sector and will support further growth in wind and solar energy installation.

Support from Florida's regulatory framework during severe storms is important to credit quality

FPL's service territory is solely in the state of Florida, primarily along the coast and panhandle, which means the utility is vulnerable to severe storm related event risk. Since utilities in Florida are vulnerable to storm and hurricane activity, the regulatory framework to address costs related to extreme weather events has been an important factor supporting FPL's credit quality during storm affected years. The company can and has petitioned for recovery of storm damage costs in excess of its storm reserve that is collected through a storm surcharge. Securitization legislation for the recovery of storm-related costs is also in place in Florida, if necessary.

During 2022, FPL's service territory was impacted by Hurricane Ian in September and Hurricane Nicole in November which resulted in total recoverable storm restoration costs of approximately $1.3 billion. Prior to Hurricane Ian, FPL's storm reserve had a balance of approximately $220 million. As mentioned above, in March 2023, the FPSC approved FPL's request to begin recovering the $1.3 billion of hurricane restoration costs and storm reserve replenishment over a 12-month period beginning in April, a credit positive.

In late June 2019, the governor of Florida signed Senate Bill 796 into law, which required investor-owned utilities (IOUs) to submit storm protection plans to the FPSC that detail how the IOUs will harden their grids and make them more resilient during extreme weather events like hurricanes. The law was credit positive for the state's utilities because it allows them to grow rate base through increased investments and obtain timely recovery, all in an effort to maintain customer reliability.

Following the legislation, in October 2019, the FPSC implemented a Storm Protection Plan (SPP) Cost Recovery Clause. The mechanism allows for the recovery of new transmission and distribution storm hardening investments, which includes costs for hardening of overhead transmission and distribution lines, undergrounding of certain distribution lines and vegetation management; to

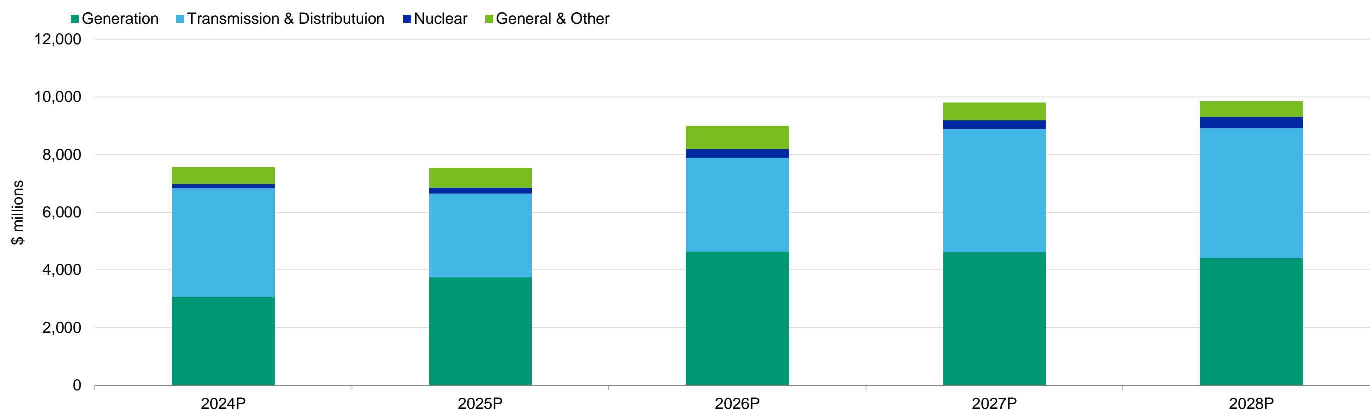
strengthen the electric utility infrastructure for the purposes of reducing restoration costs and outage times associated with extreme weather events not already included in base rates. This demonstrated that Florida regulators support proactive management of physical risks arising from climate change and electric system reliability, which is expected to cause storms to be more frequent and powerful over the long term.

In April 2022, the FPSC approved FPL's last storm protection plan, consisting of investments of about $14.5 billion to upgrade its grid infrastructure from 2023-2032, including about $7 billion for undergrounding power lines. FPL is spending approximately $5-6 billion on transmission and distribution storm hardening investments from 2022 - 2025 with timely recovery through the SPP recovery mechanism and base rates. In August 2023, FPL filed a true-up to its 2022 SPP with updated spending amounts and FPSC approval is expected this year.

FPL's service territory is among the few areas nationwide that continues to exhibit significant customer and load growth, benefiting from migration into the state that has increased the number of FPL's retail customers (average number of customer accounts up roughly 1.2% in 2023). Growth in the service territory has also necessitated additional investments in the utility's infrastructure to maintain safety and reliability, and on which FPL will earn a return.

FPL expects to invest approximately $43.8 billion of new capital from 2024 - 2028. About 43% of the roughly $8.8 billion, on average, of FPL's annual capital expenditures over the next few years will be used towards updating its transmission and distribution network including grid hardening and reliability investments. About 12% of the projected spending is earmarked towards modernizing its existing generation portfolio by increasing its cleaner, more fuel-efficient power generation. About 35% of the investments will go towards new generation capacity which will include natural gas as well as solar power.

Exhibit 9
FPL's elevated capital expenditures will continue to grow rate base and cash flow

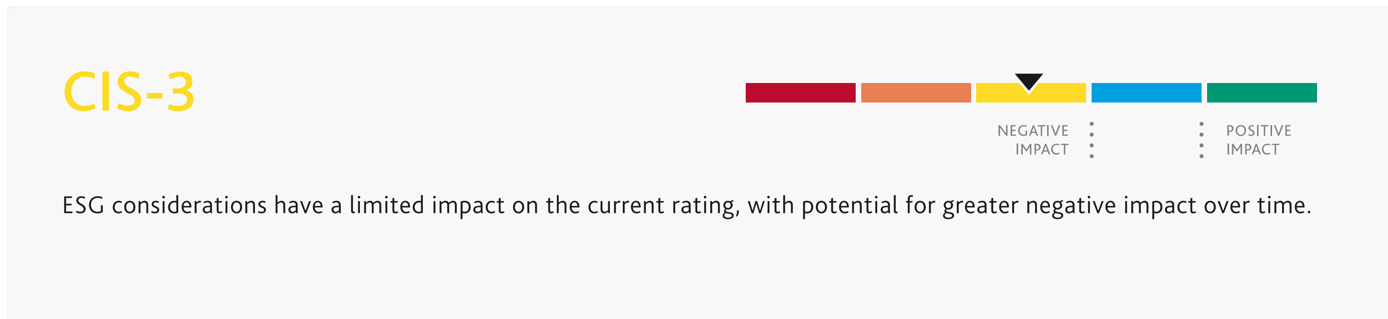


Source: Company filings

ESG considerations

NextEra Energy, Inc.'s ESG credit impact score is CIS-3

Exhibit 10
ESG credit impact score



Source: Moody's Ratings

NEE's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Physical climate risks from a service territory prone to hurricanes and tropical storms drives the high environmental risk score. Governance risk and exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term.

Exhibit 11
ESG issuer profile scores

Source: Moody's Ratings

Environmental

NEE's **E-4** issuer profile score largely reflects high physical climate risks resulting from hurricanes and tropical storms in its core Florida market. NEE's carbon transition risk is not considered a material risk because it has a diverse portfolio of generation with minimal coal, growing renewable energy resources, and a supportive regulatory framework. The company's nuclear generation fleet adds risks of waste management and pollution. While NEE has not had any problems with its nuclear fleet or nuclear waste to date, it remains an inherent risk for nuclear operators in the industry. The fossil fuel generation is balanced by NEER's ownership of the largest portfolio of renewable power projects in North America.

Social

NEE's **S-3** issuer profile score considers the operation of nuclear generation which heightens the risk of responsible production, while demographics and societal trends may increase public concern over environmental, social, or affordability issues that could lead to adverse regulatory or political intervention. NEE's social risks are somewhat offset by FPL's low customer rates that are below the national average, strong customer and load growth, as well as the robust and independent regulatory framework in which it operates. The regulatory framework provides strong assurance that the company will be able to recover storm costs from customers, even where these can be politically controversial.

Governance

NEE's **G-2** issuer profile score is broadly in line with other utility holding companies. The company's financial policy is to maintain the capital structure of its utility, FPL, established in its regulatory rate constructs with any dividends distributed to the parent offset by sufficient equity injections to maintain the utilities' target capital structure. NEE's governance score also incorporates a board structure and policies with a relatively low number of independent directors; and additional organizational complexity with its majority-owned affiliate, NEP.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Additional ESG considerations

NEE is strongly positioned for carbon transition within the utility sector because of its minimal coal exposure and substantial ownership of modernized and efficient natural gas-fired generation assets. In June 2022, NEE announced its Real Zero decarbonization plan with the goal to be completely carbon emissions-free by no later than 2045. NEE has reduced its carbon dioxide emissions rate for decades and, as of 2022, has achieved a 61% reduction, compared to a 2005 adjusted baseline.

NEE's limited coal exposure only relates to legacy Gulf Power's 25% share of Scherer Unit 3 (215 MW) since its 50% ownership of the Daniel coal plant in Mississippi (500 MW) was retired from service in January 2024.

NEE, including FPL and proportional consolidation of NEP, owns approximately 24 GW of natural gas generation out of a total owned generation capacity of approximately 70 GW. NEE continues to invest in renewable energy, including at FPL where solar generation assets are typically included in rate base and in rates on a timely basis through the SoBRA cost recovery mechanism.

As part of NEE's Real Zero goal, FPL would accelerate the transformation of its generation mix, reaching 36% decarbonization by 2025; 52% by 2030; 62% by 2035; 83% by 2040; and culminating in 100% decarbonization by no later than 2045.

As mentioned above, NEE's regulated utility service territories are along the coasts of Florida, making them vulnerable to storm related event risk. As such, regulatory treatment to address storm costs has and will continue to be an important factor supporting the credit quality of FPL, particularly since climate change is expected to make storms more severe and more frequent. Securitization legislation for the recovery of excessive storm-related costs is also in place in Florida, although FPL has not pursued securitization financing for storm costs in recent years. We expect FPL will have to deal with severe storm activity periodically going forward and continued favorable regulatory treatment will be important in supporting credit quality.

As a holding company of predominantly regulated utilities and a large renewable energy developer and operator, one of NEE's primary goals is to provide customers with affordable, reliable and clean energy to power their homes and businesses, which are important social factors. From a governance perspective, policies that result in a strong financial position are important for managing the company's businesses, environmental and social risks, particularly amid the group's elevated capital expenditure program.

Liquidity analysis

NEE's corporate family of companies have sufficient liquidity, with FPL maintaining the strongest liquidity profile, primarily due to its robust cash flow generation and strong access to the capital markets. As has been the case historically, NEECH's liquidity is somewhat constrained as NEER continues an elevated growth capital investment program, with the need to periodically repay/refinance a substantial amount of maturing debt, and the potential for material contingent calls related to its hedging and marketing activities. However, NEECH has demonstrated an ability to manage its liquidity profile effectively, primarily through strong access to bank and debt capital markets.

For the 12-months ended 31 December 2023, FPL's cash flow from operations was $8.3 billion compared to capital expenditures of $9.4 billion, which remain elevated largely driven by spending on transmission and distribution infrastructure, existing generation asset upgrades, and new solar generation investments. The shortfall in funding capital investments using internally generated cash flow was supplemented by short and long-term borrowings as well as capital contributions from its parent. Going forward, we expect that FPL will largely fund its capital investments using internally generated cash flow and that any shortfalls will be supplemented with debt borrowings and equity contributions from its parent in a balanced manner in order to maintain its targeted capital structure.

As of 31 December 2023, FPL had net available liquidity of about $1.2 billion, which included around $3.4 billion of bank revolving line of credit facilities that also backstop its commercial paper (CP) program which had $2.6 billion of CP outstanding. The utility had availability of its $0.3 billion of bilateral revolving credit facilities and $57 million of cash and cash equivalents on hand. Owing to its strong credit profile, FPL maintains excellent access to the capital markets which typically allows the utility to easily refinance its debt maturities. Commitments under the core revolver are laddered, with the vast majority terminating in 2028. FPL's credit facilities do not contain a material adverse change clause for new borrowings. The next large debt maturity at FPL is $500 million of first mortgage bonds maturing in June 2024 .

NEECH's liquidity profile is impacted by NEER's elevated capital investment program, particularly due to strong growth and development of new renewable power projects, which typically results in substantial negative free cash flow. Its negative free cash flow position continues to be significant. In 2023, NEECH's cash flow from operations was $3.2 billion compared to capital expenditures of $15.6 billion and parent contributions of $5.4 billion. As has been the case, NEECH managed to finance the resulting negative free cash flow of about $7.1 billion through a combination of project finance debt, tax equity, recycling of capital through asset sales and long-term debt issuances.

As of 31 December 2023, NEECH had nearly $11.1 billion of net available liquidity, which included $2.6 billion of cash; $10.1 billion of availability on its revolving credit facilities, net of about $2.3 billion of commercial paper borrowings; and full availability on $1.4 billion of bilateral revolving credit facilities. NEECH's $10.1 billion bank revolving line of credit facility backstops its CP program. NEECH also has $3.5 billion of letter of credit facilities with $2.8 billion of letters of credit outstanding. The LC facilities are only available for the issuance of letters of credit. As with FPL's core revolvers, the commitments are laddered, with the vast majority terminating in 2028. The facilities do not contain a material adverse change clause on new borrowings. NEECH's next significant debt maturity is $750 million in debentures due in June 2024.

Rating methodology and scorecard factors

We use our global Regulated Electric and Gas Networks rating methodology as the primary methodology for analyzing NextEra Energy, Inc.

Exhibit 12

Methodology scorecard factors

NextEra Energy, Inc.

Regulated Electric and Gas Utilities Industry Scorecard	Current FY Dec-23		Moody's 12-18 month forward view	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Aa	Aa	Aa	Aa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Aa	Aa	Aa	Aa
b) Generation and Fuel Diversity	A	A	A	A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	6.3x	Aa	4.2x - 4.6x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	15.7%	Baa	16% - 17%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	10.3%	Baa	10% - 11%	Baa
d) Debt / Capitalization (3 Year Avg)	50.9%	Baa	50% - 52%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching		-2		-2
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned		Baa1		Baa1

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 13

Peer comparison

NextEra Energy, Inc.

	NextEra Energy, Inc. Baa1 Stable			Berkshire Hathaway Energy Company A3 Stable			Dominion Energy, Inc. Baa2 Stable			Duke Energy Corporation Baa2 Stable			Sempra Baa2 Stable		
(in $ millions)	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-21	FY Dec-22	FY Dec-23
Revenue	17,069	20,956	28,114	25,150	26,337	25,602	13,964	13,938	14,393	24,621	28,768	29,060	12,857	14,439	16,720
CFO Pre-W/C	8,479	10,108	11,439	8,459	8,200	7,238	4,925	6,310	5,811	9,841	8,665	11,638	4,441	4,934	4,580
Total Debt	54,651	64,810	72,206	53,822	54,368	57,429	41,927	42,662	45,378	69,337	75,971	81,350	25,863	29,803	31,528
CFO Pre-W/C + Interest / Interest	7.1x	15.0x	4.2x	4.9x	4.7x	3.9x	4.1x	6.4x	4.1x	5.3x	4.4x	4.5x	4.3x	5.0x	3.8x
CFO Pre-W/C / Debt	15.5%	15.6%	15.8%	15.7%	15.1%	12.6%	11.7%	14.8%	12.8%	14.2%	11.4%	14.3%	17.2%	16.6%	14.5%
CFO Pre-W/C – Dividends / Debt	9.9%	10.3%	10.5%	14.7%	14.1%	11.9%	7.0%	9.7%	7.9%	9.8%	7.3%	10.4%	10.8%	10.8%	7.3%
Debt / Capitalization	49.9%	52.2%	50.5%	46.2%	46.4%	48.1%	54.8%	56.2%	56.5%	53.7%	55.4%	57.5%	45.6%	46.9%	44.7%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Exhibit 14

Moody's-adjusted cash flow metrics

NextEra Energy, Inc.

(in $ millions)	2019	2020	2021	2022	2023
FFO	7,800.0	8,727.5	8,751.4	10,058.0	11,780.8
+/- Other	138.0	(234.0)	(272.0)	50.0	(342.0)
CFO Pre-WC	7,938.0	8,493.5	8,479.4	10,108.0	11,438.8
+/- ΔWC	214.0	(560.0)	(951.0)	(1,914.0)	(346.0)
CFO	8,152.0	7,933.5	7,528.4	8,194.0	11,092.8
- Div	2,467.5	2,787.1	3,066.3	3,400.7	3,883.8
- Capex	12,234.4	13,504.4	16,010.2	19,166.4	24,803.0
FCF	(6,550.0)	(8,358.0)	(11,548.0)	(14,373.0)	(17,594.0)
(CFO Pre-W/C) / Debt	18.8%	17.8%	15.5%	15.6%	15.8%
(CFO Pre-W/C - Dividends) / Debt	12.9%	11.9%	9.9%	10.3%	10.5%
FFO / Debt	18.4%	18.2%	16.0%	15.5%	16.3%
RCF / Debt	12.6%	12.4%	10.4%	10.3%	10.9%
Revenue	19,204.0	17,997.0	17,069.0	20,956.0	28,114.0
Interest Expense	2,343.0	2,094.5	1,386.6	723.0	3,532.2
Net Income	3,084.2	2,396.7	3,267.3	3,431.7	6,641.6
Total Assets	117,556.0	127,516.0	140,773.0	158,763.0	177,179.0
Total Liabilities	79,892.5	90,212.5	102,764.0	118,748.9	128,094.4
Total Equity	37,663.5	37,303.5	38,009.0	40,014.1	49,084.6

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

Ratings

Exhibit 15

Category	Moody's Rating
NEXTERA ENERGY, INC.	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured Shelf	(P)Baa1
Jr Subordinate Shelf	(P)Baa2
Pref. Shelf	(P)Baa3
TRANS BAY CABLE LLC	
Outlook	Stable
Issuer Rating	Baa2
NEXTERA ENERGY CAPITAL HOLDINGS, INC.	
Outlook	Stable
Senior Unsecured	Baa1
Bkd Jr Subordinate	Baa2
BACKED Pref. Shelf	(P)Baa3
Commercial Paper	P-2
FLORIDA POWER & LIGHT COMPANY	
Outlook	Stable
Issuer Rating	A1
First Mortgage Bonds	Aa2
Senior Secured	Aa2
Senior Unsecured	A1
Commercial Paper	P-1
Other Short Term	VMIG 1
NEXTERA ENERGY OPERATING PARTNERS, LP	
Outlook	Stable
Bkd Senior Unsecured	Ba1/LGD4
GULF POWER COMPANY	
Outlook	No Outlook
Issuer Rating	A1
Senior Unsecured	A1
Commercial Paper	P-1
NEXTERA ENERGY PARTNERS, LP	
Outlook	Stable
Corporate Family Rating	Ba1
Speculative Grade Liquidity	SGL-2

Source: Moody's Ratings

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