Generation Bridge II Holdings New Haven, LLC

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KBRA affirms its unpublished rating for Generation Bridge II Holdings New Haven, LLC's $115 million senior secured notes. The Outlook is Stable. To evaluate this transaction, KBRA applied its Project Finance Global Rating Methodology, published on January 19, 2021, and its ESG Global Rating Methodology, published on June 16, 2021.

GB II New Haven LLC indirectly owns a 130MW peaking facility in New Haven, Connecticut, that provides power to the ISO-New England regional transmission organization. This surveillance report is based on information regarding the project and its issuance as of April 17, 2026.

Generation Bridge II Holdings New Haven, LLC		
Debt Instrument	**CUSIP/PPN**	**Unpublished Rating/Outlook**
$115 million, 4.27% fixed rate senior secured notes due May 31, 2042	37147*AA4	BBB-/Stable

Transaction Summary

An affiliate of ArcLight Capital Partners, LLC acquired certain fossil fuel electric-generating assets from Public Service Enterprise Group (PSEG) in February 2022. As part of the transaction, the issuer acquired 100% of the membership interests in PSEG New Haven LLC (PSEGNH), which was subsequently renamed to Generation Bridge II Holdings New Haven, LLC (GBNH). GBNH owns a 130MW simple cycle power plant in New Haven, Connecticut (the NH Peaking facility or the facility). The NH Peaking facility is designed as a peaking plant to provide fast-ramping power to the ISO-New England (ISO-NE) regional transmission organization (RTO). The facility was approved for construction in 2008 through a Public Utilities Regulatory Authority (PURA) program designed to encourage investment in peaking facilities. Under that program, the facility was granted a long-term contract for differences (CfD) agreement with a major utility in the state—The Connecticut Light & Power Company (CL&P).

The NH Peaking facility reached its commercial operation date (COD) in 2012 and began to bid into the ISO-NE markets. In return, the 30-year CfD agreement was executed with CL&P. Each year, GBNH works with the state utilities regulator, PURA, to approve its revenue requirement for the year under a cost-of-service model. Once approved, project revenues net of fuel costs are reconciled with the AFRR, and a true-up is completed monthly with CL&P.

Key Credit Considerations

ISO-NE PfP Penalty On June 24, 2025, ISO-NE declared a capacity deficiency event which resulted in a $1.3 million pay for performance (PfP) penalty for the project. 90% of the penalty was recovered under the CfD, and the project reported negative capacity revenues of approximately $374,000 in Q2 2025.	**+/-**

The penalty was primarily caused by a unit start-up issue, which was resolved within twelve hours. KBRA views the impact of the penalty to the project as de minimis.	
Operational Performance For the fiscal year ended December 31, 2025 (FY 2025), the issuer generated a total gross margin of $17.0 million, approximately 1% below KBRA's expectations in the rating case. The issuer reported operating expenses of $4.1 million, which was roughly 18% more favorable than KBRA's expectations. FY 2025 EBITDA totaled $12.9 million, which outperformed the rating case by 6%.	+/-
Debt Service Coverage Ratios For the semiannual periods ended March 31, 2025, and September 30, 2025, the issuer reported debt service coverage ratios (DSCR) of 1.12x and 1.19x, respectively, outperforming KBRA's rating case expectations of 1.10x for both periods. Similarly, on a trailing 12-month (TTM) basis, the issuer reported a DSCR of 1.15x, outperforming the rating case expectation of 1.10x. The sponsor confirmed that the capital spending program undertaken between Q3 2023 and Q4 2024 was successfully included in the 2025 rate base in the amount of approximately $843,000 and will be recovered over a period of seven years, which KBRA views favorably.	+/-

Surveillance Rating Rationale

The issuer reported gross margins in line with KBRA's rating case expectations as well as EBITDA that outperformed expectations for FY 2025. KBRA views the ISO-NE performance penalty reported in Q2 2025 as a one-off event and de minimis in terms of overall operating performance. DSCR performance was strong through the fiscal year, with the issuer outperforming KBRA's expectations on both a semiannual and TTM basis. These factors, including the KPRS of Strong, are sufficient to support the affirmation of the rating.

Outlook

The Stable Outlook reflects KBRA's view that the project will perform as expected with stable revenues due to the CfD with CL&P. KBRA views the inclusion of capital spending for the project completed in 2024 into the rate base for 2025 to be a credit positive with respect to future cash flows. A rating upgrade would require the project's operating performance to support DSCRs consistently higher than 1.15x. However, higher-than-expected operating expenses that result in DSCRs below 1.10x for a sustained period may result in a downgrade of the rating.

Sensitivities for Rating Change

A rating upgrade could occur if DSCRs consistently exceed KBRA's rating case expectation. This would likely occur as a result of favorable regulatory developments that increase the project's cash flow generation under its cost-of-service contract with CL&P.	+
A downgrade could occur if DSCRs trail KBRA's rating case for a sustained period or if the project consistently experiences difficulty performing during capacity scarcity events.	-

Liquidity

The transaction benefits from a DSRA to cover six months of debt service. To support the DSRA requirements, as well as post collateral to project counterparties, the issuer has entered into a $12.5 million LC facility agreement. The LC facility matures ahead of the notes in 2042 and the sponsor expects to replace the facility on similar terms.

ESG Considerations

Environmental Factors

The NH Peaking facility requires the use of either kerosene or natural gas to operate its combustion turbines and generate electricity, leading to a higher emissions profile than renewable sources of power. This is unavoidable given the nature of the asset, but the facility is specifically designed to provide fast-ramping, reliable power that is difficult to replace with renewable sources. Should the regulator require that the facility retrofit any technology with emissions reduction components, the project would likely be able to add the investment to the rate base and earn a return on it.

Social Factors

Changes in demand for electricity could result in adjustments to capacity and energy product pricing. Permanent changes in consumer preference for cleaner energy alternatives could bring additional stakeholder engagement in the industry

and pressure to retire fossil fuel assets like the NH Peaking facility. Still, the facility's value as a quick-response peaking asset and the project's cost-of-service contract with CL&P help to mitigate this risk.

Governance Factors

The ring-fence structure of this project finance transaction helps to mitigate governance risk. Projects of this nature are exposed to regulatory risk, which necessitates the monitoring of policy developments. For instance, the project's ability to successfully file its AFRR with the Public Utilities Regulatory Authority (PURA) each year and advocate for any necessary changes is a key governance factor. Changes to PURA's approach to the cost-of-service model or ISO-NE's Pay-for-Performance program could have an impact on the project's cash flows.

KBRA Project Risk Scores (KPRS)

KBRA Project Risk Scores (KPRS)		
Rating Determinant	**Weight**	**KPRS**
Construction	20%	**Strong**: PSEG received approval for the facility under the peaking program in 2008 and the project reached COD in 2012. The NH Peaking facility has been in operation since then and has established close to 10 years of operating history. No major expansions or development activities have taken place at the facility since it reached COD.
Technology	15%	**Strong**: The NH Peaking facility is a 130MW simple cycle power plant that consists of three combustion turbine generators (CTG). The CTGs can utilize natural gas or kerosene as a feedstock and the facility has black start capability. Leidos, the independent engineer, has stated that NH Peaking employs electric power generation technologies, including CTGs, emission control systems, and balance of plant (BOP) systems that are mature, sound, and proven technologies. Further, Leidos believes that the facility should have a useful life of 30 years, extending through 2042.
Operations and Maintenance	15%	**Average**: The project has a short-term operations and maintenance (O&M) contract with CAMS, a privately held company that provides services for more than 100 power facilities in North America totaling over 35,000MW. Leidos has concluded that CAMS has demonstrated the ability to operate and maintain similar facilities. Typically, KBRA looks for projects to have an O&M agreement with a term that matches the debt financing, but the cost-of-service model should allow the project to pass through reasonable increases in operating costs.
Resource Assessment	10%	**Average**: Simple cycle power plants generate electricity through the propulsion of a feedstock, often natural gas, through a turbine. The NH Peaking facility has dual-fuel capabilities and can utilize either natural gas or kerosene. Ultra-low sulfur kerosene fuel oil has historically been used as the primary fuel and is provided through a complete on-site system for truck offloading, storage, and transfer of kerosene to the turbines at the required temperature and pressure. The facility also receives natural gas from Southern Connecticut Gas Company under an interruptible service tariff. While KBRA typically looks for long-term commodity supply agreements, the project's significant on-site kerosene storage capacity, intended utilization profile, and ability to pass through fuel costs help to reduce resource risk.
Counterparty Exposure	15%	**Strong**: The project's ability to service its debt is ultimately driven by the cash flows it receives from CL&P under the CfD. This makes CL&P the primary counterparty. KBRA believes that CL&P's credit quality is supportive of the rating.
Competitive Position	15%	**Strong**: Although the project sells its capacity and products into the ISO-NE markets, its cash flows are driven by the CfD with CL&P. This contract extends through 2042, with a one-time option to extend by 10 years at CL&P's request and provides for stable and predictable cash flows over the long term.
Transaction Structure	10%	**Strong**: Principal and interest payments are made semiannually and the notes will fully amortize based on a sculpted schedule. The financing documents contain generally market standard terms and conditions for transactions of this type, such as change of control, covenants, and events of default. The notes have a first-priority senior security interest in (i) the membership interests of the issuer; and (ii) substantially all assets of the issuer, including accounts receivable, bank accounts, general intangibles, and membership interest in the project company.
Total	**100%**	**Overall Score: Strong**

Financial Risk

Financial Terms

The issuer placed $115 million of fixed rate, senior secured notes maturing in May 2042. The company makes semiannual interest and principal payments in March and September of each year, and the notes will fully amortize by the maturity date.

Financial Risk Profile and Sensitivity Analysis

KBRA has analyzed the transaction's financial risk by evaluating cash flows generated by the project under the rating case and various stress case scenarios. KBRA developed its rating case by analyzing the sponsor's base case, our review of similar projects, and other relevant information.

The primary assumptions underlying KBRA's rating case are:

- An authorized return on equity (ROE) of 10.25%
- Rate base recoverable interest of 4.27%
- Inflation of 2%
- A 10% stress on O&M, including the pass-through and non-pass through portions
- A notional capital structure with 50% debt and 50% equity

The KPRS of Strong and the average DSCR of 1.1x through the term of the debt are sufficient to affirm the rating.

Unpublished Ratings History

$115 million, 4.27% fixed rate senior secured notes due May 31, 2042		
Date	**Rating Action**	**Rating/Outlook**
April 17, 2026	Rating Affirmed	BBB-/Stable
April 18, 2025	Rating Affirmed	BBB-/Stable
April 19, 2024	Rating Affirmed	BBB-/Stable
April 21, 2023	Rating Affirmed	BBB-/Stable
April 21, 2022	Rating Assigned	BBB-/Stable

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Related Publications

- Project Finance Global Rating Methodology
- ESG Global Rating Methodology

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