NRG ENERGY, INC.
Form 10-Q
August 09, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended: June 30, 2016

o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 001-15891
NRG Energy, Inc.
(Exact name of registrant as specified in its charter)

Delaware	41-1724239
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
804 Carnegie Center, Princeton, New Jersey	08540
(Address of principal executive offices)	(Zip Code)

(609) 524-4500
(Registrant's telephone number, including area code)
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 x No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).
Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x
As of July 31, 2016, there were 315,280,157 shares of common stock outstanding, par value $0.01 per share.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q of NRG Energy, Inc., or NRG or the Company, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act. The words "believes," "projects," "anticipates," "plans," "expects," "intends," "estimates" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause NRG's actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors, risks and uncertainties include the factors described under Item 1A — Risk Factors Related to NRG Energy, Inc., in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2015, and the following:

- General economic conditions, changes in the wholesale power markets and fluctuations in the cost of fuel;
- Volatile power supply costs and demand for power;
- Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions, catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that NRG may not have adequate insurance to cover losses as a result of such hazards;
- The effectiveness of NRG's risk management policies and procedures, and the ability of NRG's counterparties to satisfy their financial commitments;
- Counterparties' collateral demands and other factors affecting NRG's liquidity position and financial condition;
- NRG's ability to operate its businesses efficiently, manage capital expenditures and costs tightly, and generate earnings and cash flows from its asset-based businesses in relation to its debt and other obligations;
- NRG's ability to enter into contracts to sell power and procure fuel on acceptable terms and prices;
- The liquidity and competitiveness of wholesale markets for energy commodities;
- Government regulation, including compliance with regulatory requirements and changes in market rules, rates, tariffs and environmental laws and increased regulation of carbon dioxide and other GHG emissions;
- Price mitigation strategies and other market structures employed by ISOs or RTOs that result in a failure to adequately and fairly compensate NRG's generation units;
- NRG's ability to mitigate forced outage risk for units subject to capacity performance requirements in PJM, performance incentives in ISO-NE, and scarcity pricing in ERCOT;
- NRG's ability to borrow funds and access capital markets, as well as NRG's substantial indebtedness and the possibility that NRG may incur additional indebtedness going forward;
- NRG's ability to receive loan guarantees or cash grants to support development projects;
- Operating and financial restrictions placed on NRG and its subsidiaries that are contained in the indentures governing NRG's outstanding notes, in NRG's Senior Credit Facility, and in debt and other agreements of certain of NRG subsidiaries and project affiliates generally;
- GenOn's ability to continue as a going concern;
- Cyber terrorism and inadequate cybersecurity, or the occurrence of a catastrophic loss and the possibility that NRG may not have adequate insurance to cover losses resulting from such hazards or the inability of NRG's insurers to provide agreed upon coverage;
- NRG's ability to develop and build new power generation facilities, including new renewable projects;
- NRG's ability to develop and innovate new products as retail and wholesale markets continue to change and evolve;
- NRG's ability to implement its strategy of finding ways to meet the challenges of climate change, clean air and protecting natural resources while taking advantage of business opportunities;
- NRG's ability to sell assets to NRG Yield, Inc. and to close drop-down transactions;
- NRG's ability to achieve its strategy of regularly returning capital to stockholders;
- NRG's ability to obtain and maintain retail market share;

- NRG's ability to successfully evaluate investments and achieve intended financial results in new business and growth initiatives;
- NRG's ability to engage in successful mergers and acquisitions activity;
- NRG's ability to successfully integrate, realize cost savings and manage any acquired businesses; and
- NRG's ability to develop and maintain successful partnering relationships.

Forward-looking statements speak only as of the date they were made, and NRG undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause NRG's actual results to differ materially from those contemplated in any forward-looking statements included in this Quarterly Report on Form 10-Q should not be construed as exhaustive.

GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

2015 Form 10-K	NRG's Annual Report on Form 10-K for the year ended December 31, 2015
2016 Revolving Credit Facility	The Company's $2.5 billion revolving credit facility, a component of the 2016 Senior Credit Facility. The revolving credit facility consists of $289 million of Tranche A Revolving Credit Facility, due 2018, and $2.2 billion of Tranche B Revolving Credit Facility, due 2021.
2016 Senior Credit Facility	As of June 30, 2016, NRG's new senior secured credit facility, comprised of a $1.9 billion term loan facility and a $2.5 billion revolving credit facility, which replaces the Senior Credit Facility.
2016 Term Loan Facility	The Company's $1.9 billion term loan facility due 2023, a component of the 2016 Senior Credit Facility.
AEP	American Electric Power Company Inc.
ARO	Asset Retirement Obligation
ASC	The FASB Accounting Standards Codification, which the FASB established as the source of authoritative GAAP
ASU	Accounting Standards Updates, which reflect updates to the ASC
Average realized prices	Volume-weighted average power prices, net of average fuel costs and reflecting the impact of settled hedges
BACT	Best Available Control Technology
BETM	Boston Energy Trading and Marketing LLC
BTU	British Thermal Unit
Buffalo Bear	Buffalo Bear, LLC, the operating subsidiary of Tapestry Wind LLC, which owns the Buffalo Bear project
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAISO	California Independent System Operator
CDD	Cooling Degree Day
CDFW	California Department of Fish and Wildlife
CDWR	California Department of Water and Resources
CEC	California Energy Commission
CenterPoint	CenterPoint Energy, Inc. and its subsidiaries, on and after August 31, 2002, and Reliant Energy, Incorporated and its subsidiaries prior to August 31, 2002
CERT	Combustion Emissions Reduction Technologies, LLC
CFTC	U.S. Commodity Futures Trading Commission
COD	Commercial Operation Date
ComEd	Commonwealth Edison
Company	NRG Energy, Inc.
CPP	Clean Power Plan
CPS	Combined Pollutant Standard
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CVSR	California Valley Solar Ranch
CWA	Clean Water Act
D.C. Circuit	U.S. Court of Appeals for the District of Columbia Circuit
DGPV Holdco 1	NRG DGPV Holdco 1 LLC
DGPV Holdco 2	NRG DGPV Holdco 2 LLC
Discrete Customers	Customers measured by unit sales of one-time products or services, such as one-time in-home product installation/maintenance, portable solar products and portable battery solutions

Distributed Solar	Solar power projects that primarily sell power produced to customers for usage on site, or are interconnected to sell power into the local distribution grid
DNREC	Delaware Department of Natural Resources and Environmental Control
DSI	Dry Sorbent Injection with Trona
Economic gross margin	Sum of energy revenue, capacity revenue and other revenue, less cost of fuels and other cost of sales
EGU	Electric Generating Unit
El Segundo Energy Center	NRG West Holdings LLC, the subsidiary of Natural Gas Repowering LLC, which owns the El Segundo Energy Center project
EME	Edison Mission Energy
Energy Plus Holdings	Energy Plus Holdings LLC and Energy Plus Natural Gas LLC
EPA	U.S. Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas, the Independent System Operator and the regional reliability coordinator of the various electricity systems within Texas
ESCO	Energy Service Company
ESP	Electrostatic Precipitator
ESPP	NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan
ESPS	Existing Source Performance Standards
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FirstEnergy	FirstEnergy Corp.
FPA	Federal Power Act
FTRs	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the U.S.
GenConn	GenConn Energy LLC
GenOn	GenOn Energy, Inc.
GenOn Americas Generation	GenOn Americas Generation, LLC
GenOn Americas Generation Senior Notes	GenOn Americas Generation's $695 million outstanding unsecured senior notes consisting of $366 million of 8.5% senior notes due 2021 and $329 million of 9.125% senior notes due 2031
GenOn Mid-Atlantic	GenOn Mid-Atlantic, LLC and, except where the context indicates otherwise, its subsidiaries, which include the coal generation units at two generating facilities under operating leases
GenOn Senior Notes	GenOn's $1.8 billion outstanding unsecured senior notes consisting of $691 million of 7.875% senior notes due 2017, $649 million of 9.5% senior notes due 2018, and $489 million of 9.875% senior notes due 2020
GHG	Greenhouse Gases
GWh	Gigawatt Hour
HAPs	Hazardous Air Pollutants
HDD	Heating Degree Day
Heat Rate	A measure of thermal efficiency computed by dividing the total BTU content of the fuel burned by the resulting kWhs generated. Heat rates can be expressed as either gross or net heat rates, depending whether the electricity output measured is gross or net generation and is generally expressed as BTU per net kWh
High Desert	TA - High Desert, LLC, which owns the High Desert project
HLBV	Hypothetical Liquidation at Book Value
HLM	High Lonesome Mesa, LLC

IASB	Independent Accounting Standards Board
ICAP	New York Installed Capacity
IFRS	International Financial Reporting Standards
IL CPS	Illinois Combined Pollutant Standard

ILU	Illinois Union Insurance Company
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
January 2015 Drop Down Assets	The Laredo Ridge, Tapestry and Walnut Creek projects, which were sold to NRG Yield, Inc. on January 2, 2015
kWh	Kilowatt-hours
Laredo Ridge	Laredo Ridge Wind, LLC, the operating subsidiary of Mission Wind Laredo, LLC, which owns the Laredo Ridge project
LIBOR	London Inter-Bank Offered Rate
LSE	Load Serving Entity
LTIPs	Collectively, the NRG Long-Term Incentive Plan and the NRG GenOn Long-Term Incentive Plan
Marsh Landing	NRG Marsh Landing, LLC (formerly known as GenOn Marsh Landing, LLC)
Mass Market	Residential and small commercial customers
MATS	Mercury and Air Toxics Standards promulgated by the EPA
MDE	Maryland Department of the Environment
Midwest Generation	Midwest Generation, LLC
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British Thermal Units
MW	Megawatts
MWG	Midwest Generation, LLC
MWh	Saleable megawatt hours, net of internal/parasitic load megawatt-hours
MWt	Megawatts Thermal Equivalent
NAAQS	National Ambient Air Quality Standards
NEPOOL	New England Power Pool
NERC	North American Electric Reliability Corporation
Net Exposure	Counterparty credit exposure to NRG, net of collateral
Net Generation	The net amount of electricity produced, expressed in kWhs or MWhs, that is the total amount of electricity generated (gross) minus the amount of electricity used during generation
NOL	Net Operating Loss
NOV	Notice of Violation
NO_x	Nitrogen Oxide
NPDES	National Pollutant Discharge Elimination System
NPNS	Normal Purchase Normal Sale
NRC	U.S. Nuclear Regulatory Commission
NRG	NRG Energy, Inc.
NRG Wind TE Holdco	NRG Wind TE Holdco LLC
NRG Yield	Reporting segment that includes the projects held by NRG Yield, Inc.
NRG Yield 2019 Convertible Notes	$345 million aggregate principal amount of 3.50% Convertible Senior Notes due 2019 issued by NRG Yield, Inc.
NRG Yield 2020 Convertible Notes	$287.5 million aggregate principal amount of 3.25% Convertible Notes due 2020 issued by NRG Yield, Inc.
NRG Yield, Inc.	NRG Yield, Inc., the owner of 53.3% of the economic interests of NRG Yield LLC with a controlling interest, and issuer of publicly held shares of Class A and Class C common stock
NRG Yield LLC	NRG Yield LLC, which owns, through its wholly owned subsidiary, NRG Yield Operating LLC, all of the assets contributed to NRG Yield LLC in connection with the initial public offering of Class A common stock of NRG Yield, Inc.
NSR	New Source Review

NSPS	New Source Performance Standards

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Nuclear Decommissioning Trust Fund	NRG's nuclear decommissioning trust fund assets, which are for the Company's portion of the decommissioning of the STP, units 1 & 2
NYAG	State of New York Office of Attorney General
NYISO	New York Independent System Operator
NYSERDA	New York State Energy Research and Development Authority
NYSPSC	New York State Public Service Commission
OCI	Other Comprehensive Income/(Loss)
Peaking	Units expected to satisfy demand requirements during the periods of greatest or peak load on the system
PG&E	Pacific Gas and Electric Company
Pinnacle	Pinnacle Wind, LLC, the operating subsidiary of Tapestry Wind LLC, which owns the Pinnacle project
PJM	PJM Interconnection, LLC
PM	Particulate Matter
PPA	Power Purchase Agreement
PPTA	Power Purchase Tolling Agreement
PSD	Prevention of Significant Deterioration
PUCN	Public Utilities Commission of Nevada
PUCT	Public Utility Commission of Texas
RAPA	Resource Adequacy Purchase Agreement
RCRA	Resource Conservation and Recovery Act of 1976
REMA	NRG REMA LLC, which leases a 100% interest in the Shawville generating facility and 16.7% and 16.5% interests in the Keystone and Conemaugh generating facilities, respectively
Reliant Energy	Reliant Energy Retail Services, LLC
Repowering	Technologies utilized to replace, rebuild, or redevelop major portions of an existing electrical generating facility, generally to achieve a substantial emissions reduction, increase facility capacity, and improve system efficiency
RESA	Retail Electric Supply Association
Retail Mass	Reporting segment that includes NRG's residential and small commercial businesses which go to market as Reliant, NRG and other brands owned by NRG
Retail Mass Recurring Customers	Customers that subscribe to one or more recurring services, such as electricity, natural gas and protection products, the majority of which are retail electricity customers in Texas and the Northeast
Revolving Credit Facility	Prior to June 30, 2016, the Company's $2.5 billion revolving credit facility due 2018, a component of the Senior Credit Facility. On June 30, 2016, the Company replaced the Senior Credit Facility, including the Revolving Credit Facility, with the 2016 Senior Credit Facility.
RGGI	Regional Greenhouse Gas Initiative
Right of First Offer Agreement	Amended and Restated Right of First Offer Agreement by and between NRG Energy, Inc. and NRG Yield, Inc.
RMR	Reliability Must-Run
RPV Holdco	NRG RPV Holdco 1 LLC
RTO	Regional Transmission Organization
SCE	Southern California Edison
SCR	Selective Catalytic Reduction Control System
SDG&E	San Diego Gas & Electric Company
SEC	U.S. Securities and Exchange Commission
Securities Act	The Securities Act of 1933, as amended

Senior Credit Facility	Prior to June 30, 2016, the Company's senior secured facility, comprised of the Term Loan Facility and the Revolving Credit Facility. On June 30, 2016, the Company replaced the Senior Credit Facility with the 2016 Senior Credit Facility.

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Senior Notes	As of June 30, 2016, the Company's $5.9 billion outstanding unsecured senior notes, consisting of $587 million of 7.625% senior notes due 2018, $818 million of 8.25% senior notes due 2020, $889 million of 7.875% senior notes due 2021, $992 million of 6.25% senior notes due 2022, $869 million of 6.625% senior notes due 2023, $734 million of 6.25% senior notes due 2024 and $1.0 billion of 7.25% senior notes due 2026.
Seward	The Seward Power Generating Station, a 525 MW coal-fired facility in Pennsylvania
SF6	Sulfur Hexafluoride
Shelby	The Shelby County Generating Station, a 352 MW natural gas-fired facility in Illinois
SO_2	Sulfur Dioxide
STP	South Texas Project — nuclear generating facility located near Bay City, Texas in which NRG owns a 44% interest
S&P	Standard & Poor's
SunPower	SunPower Corporation, Systems
Taloga	Taloga Wind, LLC, the operating subsidiary of Tapestry Wind LLC, which owns the Taloga project
TCPA	Telephone Consumer Protection Act
Term Loan Facility	Prior to June 30, 2016, the Company's $2.0 billion term loan facility due 2018, a component of the Senior Credit Facility. On June 30, 2016, the Company replaced its Senior Credit Facility, including the Term Loan Facility, with the 2016 Senior Credit Facility.
TOU	Time-of-use
TSA	Transportation Services Agreement
TWCC	Texas Westmoreland Coal Co.
U.S.	United States of America
U.S. DOE	U.S. Department of Energy
Utility Scale Solar	Solar power projects, typically 20 MW or greater in size (on an alternating current basis), that are interconnected into the transmission or distribution grid to sell power at a wholesale level
VaR	Value at Risk
VIE	Variable Interest Entity
Walnut Creek	NRG Walnut Creek, LLC, the operating subsidiary of WCEP Holdings, LLC, which owns the Walnut Creek project
Yield Operating	NRG Yield Operating LLC

PART I — FINANCIAL INFORMATION
ITEM 1 — CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES
NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
(In millions, except for per share amounts)	2016	2015	2016	2015
Operating Revenues				
Total operating revenues	$2,638	$3,400	$5,867	$7,229
Operating Costs and Expenses				
Cost of operations	1,756	2,436	3,945	5,509
Depreciation and amortization	309	396	622	791
Impairment losses	115	—	115	—
Selling, general and administrative	265	296	520	551
Acquisition-related transaction and integration costs	5	3	7	13
Development activity expenses	18	37	44	71
Total operating costs and expenses	2,468	3,168	5,253	6,935
Gain on postretirement benefits curtailment	—	—	—	14
Loss on sale of assets, net of gains	(83)	—	(51)	—
Operating Income	87	232	563	308
Other Income/(Expense)				
Equity in earnings/(losses) of unconsolidated affiliates	4	8	(3)	5
Gain/(impairment loss) on investment	7	—	(139)	—
Other income, net	8	4	26	23
Loss on debt extinguishment	(80)	(7)	(69)	(7)
Interest expense	(277)	(263)	(561)	(564)
Total other expense	(338)	(258)	(746)	(543)
Loss Before Income Taxes	(251)	(26)	(183)	(235)
Income tax expense/(benefit)	25	(17)	46	(90)
Net Loss	(276)	(9)	(229)	(145)
Less: Net (loss)/income attributable to noncontrolling interest and redeemable noncontrolling interests	(5)	5	(40)	(11)
Net Loss Attributable to NRG Energy, Inc.	(271)	(14)	(189)	(134)
Gain on redemption, net of dividends for preferred shares	(78)	5	(73)	10
Loss Available for Common Stockholders	$(193)	$(19)	$(116)	$(144)
Loss per Share Attributable to NRG Energy, Inc. Common Stockholders				
Weighted average number of common shares outstanding — basic and diluted	315	333	315	335
Loss per Weighted Average Common Share — Basic and Diluted	$(0.61)	$(0.06)	$(0.37)	$(0.43)
Dividends Per Common Share	$0.03	$0.14	$0.18	$0.29

See accompanying notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(In millions)			
Net Loss	$(276)	$(9)	$(229)	$(145)
Other Comprehensive (Loss)/Income, net of tax				
Unrealized (loss)/gains on derivatives, net of income tax expense of $1, $12, $2 and $6	(3)	16	(35)	4
Foreign currency translation adjustments, net of income tax expense/(benefit) of $0 , $6, $0 and $(1)	(3)	9	3	(2)
Available-for-sale securities, net of income tax benefit of $0, $3, $0 and $7	(2)	(3)	1	(4)
Defined benefit plans, net of tax expense of $0, $0, $0 and $4	—	(1)	1	6
Other comprehensive (loss)/income	(8)	21	(30)	4
Comprehensive (Loss)/Income	(284)	12	(259)	(141)
Less: Comprehensive (loss)/income attributable to noncontrolling interest and redeemable noncontrolling interests	(16)	12	(68)	(17)
Comprehensive Loss Attributable to NRG Energy, Inc.	(268)	—	(191)	(124)
Gain on redemption, net of dividends for preferred shares	(78)	5	(73)	10
Comprehensive Loss Available for Common Stockholders	$(190)	$(5)	$(118)	$(134)

See accompanying notes to condensed consolidated financial statements.

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NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except shares)	June 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,389	$ 1,518
Funds deposited by counterparties	44	106
Restricted cash	413	414
Accounts receivable — trade, less allowance for doubtful accounts of $20 and $21	1,251	1,157
Inventory	1,124	1,252
Derivative instruments	1,470	1,915
Cash collateral paid in support of energy risk management activities	218	568
Renewable energy grant receivable, net	36	13
Current assets held-for-sale	13	6
Prepayments and other current assets	406	442
Total current assets	6,364	7,391
Property, plant and equipment, net of accumulated depreciation of $6,107 and $5,761	18,382	18,732
Other Assets		
Equity investments in affiliates	882	1,045
Notes receivable, less current portion	25	53
Goodwill	999	999
Intangible assets, net of accumulated amortization of $1,650 and $1,525	2,180	2,310
Nuclear decommissioning trust fund	599	561
Derivative instruments	348	305
Deferred income taxes	175	167
Non-current assets held-for-sale	229	105
Other non-current assets	1,239	1,214
Total other assets	6,676	6,759
Total Assets	$ 31,422	$ 32,882
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt and capital leases	$ 1,215	$ 481
Accounts payable	898	869
Derivative instruments	1,373	1,721
Cash collateral received in support of energy risk management activities	44	106
Current liabilities held-for-sale	2	2
Accrued expenses and other current liabilities	982	1,196
Total current liabilities	4,514	4,375
Other Liabilities		
Long-term debt and capital leases	17,893	18,983
Nuclear decommissioning reserve	334	326
Nuclear decommissioning trust liability	309	283
Deferred income taxes	42	19
Derivative instruments	539	493
Out-of-market contracts, net of accumulated amortization of $712 and $664	1,093	1,146
Non-current liabilities held-for-sale	—	4

Other non-current liabilities	1,554	1,488
Total non-current liabilities	21,764	22,742
Total Liabilities	26,278	27,117
2.822% convertible perpetual preferred stock	—	302
Redeemable noncontrolling interest in subsidiaries	23	29
Commitments and Contingencies		
Stockholders’ Equity		
Common stock	4	4
Additional paid-in capital	8,306	8,296
Retained deficit	(3,179)	(3,007)
Less treasury stock, at cost — 102,450,781 and 102,749,908 shares, respectively	(2,406)	(2,413)
Accumulated other comprehensive loss	(203)	(173)
Noncontrolling interest	2,599	2,727
Total Stockholders’ Equity	5,121	5,434
Total Liabilities and Stockholders’ Equity	$ 31,422	$ 32,882

See accompanying notes to condensed consolidated financial statements.

ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended June 30,	
	2016	2015
	(In millions)	
Cash Flows from Operating Activities		
Net Loss	$(229)	$(145)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Distributions and equity in earnings of unconsolidated affiliates	32	40
Depreciation and amortization	622	791
Provision for bad debts	20	29
Amortization of nuclear fuel	26	23
Amortization of financing costs and debt discount/premiums	3	(7)
Adjustment to loss on debt extinguishment	14	7
Amortization of intangibles and out-of-market contracts	41	32
Amortization of unearned equity compensation	16	24
Impairment losses	254	—
Changes in deferred income taxes and liability for uncertain tax benefits	1	(98)
Changes in nuclear decommissioning trust liability	13	(4)
Changes in derivative instruments	(25)	186
Changes in collateral deposits supporting energy risk management activities	350	(112)
Proceeds from sale of emission allowances	47	—
Loss/(gain) on sale of assets and postretirement benefits curtailment	43	(14)
Cash used by changes in other working capital	(355)	(294)
Net Cash Provided by Operating Activities	873	458
Cash Flows from Investing Activities		
Acquisitions of businesses, net of cash acquired	(17)	(30)
Capital expenditures	(622)	(583)
Decrease/(increase) in restricted cash, net	29	(3)
(Increase)/decrease in restricted cash to support equity requirements for U.S. DOE funded projects	(28)	27
(Increase)/decrease in notes receivable	(3)	7
Purchases of emission allowances	(27)	—
Proceeds from sale of emission allowances	25	—
Investments in nuclear decommissioning trust fund securities	(280)	(354)
Proceeds from the sale of nuclear decommissioning trust fund securities	267	358
Proceeds from renewable energy grants and state rebates	10	61
Proceeds from sale of assets, net of cash disposed of	145	1
Investments in unconsolidated affiliates	—	(353)
Other	32	9
Net Cash Used by Investing Activities	(469)	(860)
Cash Flows from Financing Activities		
Payment of dividends to common and preferred stockholders	(57)	(102)
Payment for treasury stock	—	(186)
Payment for preferred shares	(226)	—
Net receipts from settlement of acquired derivatives that include financing elements	103	91
Proceeds from issuance of long-term debt	3,223	629

Distributions from, net of contributions to, noncontrolling interest in subsidiaries	(21)	670
Proceeds from issuance of common stock	—	1
Payment of debt issuance costs	(35)	(12)
Payments for short and long-term debt	(3,507)	(662)
Other - contingent consideration	(10)	—
Net Cash (Used)/Provided by Financing Activities	(530)	429
Effect of exchange rate changes on cash and cash equivalents	(3)	3
Net (Decrease)/Increase in Cash and Cash Equivalents	(129)	30
Cash and Cash Equivalents at Beginning of Period	1,518	2,116
Cash and Cash Equivalents at End of Period	$1,389	$2,146

See accompanying notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Basis of Presentation

NRG Energy, Inc., or NRG or the Company, is an integrated competitive power company, which produces, sells and delivers energy and energy products and services in major competitive power markets in the U.S. while positioning itself as a leader in the way residential, industrial and commercial consumers use energy products and services. NRG has one of the nation's largest and most diverse competitive power generation portfolios balanced with a leading retail electricity platform. The Company owns and operates approximately 48,000 MW of generation; engages in the trading of wholesale energy, capacity and related products; transacts in and trades fuel and transportation services; and directly sells energy, services, and innovative, sustainable products and services to retail customers under the names “NRG,” "Reliant" and other retail brand names owned by NRG.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the SEC's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the consolidated financial statements in the Company's 2015 Form 10-K. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Company's consolidated financial position as of June 30, 2016, and the results of operations, comprehensive income/(loss) and cash flows for the three and six months ended June 30, 2016, and 2015.

Use of Estimates

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

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. The reclassifications did not affect results from operations, net assets or cash flows.

The Company decreased accumulated depreciation and facilities and equipment within total property, plant and equipment by approximately $1 billion, respectively, to adjust amounts previously presented as of December 31, 2015. This adjustment had no impact on net assets at December 31, 2015. Accordingly, the Company does not consider the adjustment to be material to the consolidated balance sheet. Consolidated operating income and net loss for the three months and six months ended June 30, 2016 were not impacted by the adjustment.

Note 2 — Summary of Significant Accounting Policies
Other Cash Flow Information
NRG's investing activities exclude capital expenditures of $96 million which were accrued and unpaid at June 30, 2016.
Noncontrolling Interest
The following table reflects the changes in NRG's noncontrolling interest balance:

	(In millions)
Balance as of December 31, 2015	$ 2,727
Distributions to noncontrolling interest	(82)
Contributions from noncontrolling interest	13
Redemption of noncontrolling interest	(8)
Comprehensive loss attributable to noncontrolling interest	(51)
Balance as of June 30, 2016	$ 2,599

Redeemable Noncontrolling Interest
The following table reflects the changes in the Company's redeemable noncontrolling interest balance for the six months ended June 30, 2016:

	(In millions)
Balance as of December 31, 2015	$ 29
Distributions to redeemable noncontrolling interest	(1)
Contributions from redeemable noncontrolling interest	12
Comprehensive loss attributable to redeemable noncontrolling interest	(17)
Balance as of June 30, 2016	$ 23

Recent Accounting Developments
ASU 2016-09 — In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718), or ASU No. 2016-09. The amendments of ASU No. 2016-09 were issued as part of the FASB's Simplification Initiative focused on improving areas of GAAP for which cost and complexity may be reduced while maintaining or improving the usefulness of information disclosed within the financial statements. The amendments focused on simplification specifically with regard to share-based payment transactions, including income tax consequences, classification of awards as equity or liabilities and classification on the statement of cash flows. The guidance in ASU No. 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. The Company does not expect the standard to have a material impact on its results of operations, cash flows and financial position.
ASU 2016-07 — In March 2016, the FASB issued ASU 2016-07, Investments - Equity Method and Joint Ventures (Topic 323), or ASU No. 2016-07. The amendments of ASU No. 2016-07 eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting with no retroactive adjustment to the investment. In addition, ASU No. 2016-07 requires that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The guidance in ASU No. 2016-07 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. The adoption of ASU No. 2016-07 is required to be applied prospectively and early adoption is permitted. The Company does not expect the standard to have a material impact on its results of operations, cash flows and financial position.

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ASU 2016-02 — In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), or ASU No. 2016-02. The amendments of ASU 2016-02 complete the joint effort between the FASB and the International Accounting Standards Board, or IASB, to develop a common leasing standard for GAAP and International Financial Reporting Standards, or IFRS, with the objective to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and to improve financial reporting. The guidance in ASU No. 2016-02 provides that a lessee that may have previously accounted for a lease as an operating lease under current GAAP should recognize the assets and liabilities that arise from a lease on the balance sheet. In addition, ASU No. 2016-02 expands the required quantitative and qualitative disclosures with regards to lease arrangements. The guidance in ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those annual periods. The adoption of ASU 2016-02 is required to be applied using a modified retrospective approach for the earliest period presented and early adoption is permitted. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position.

ASU 2016-01 — In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, or ASU No. 2016-01. The amendments of ASU No. 2016-01 eliminate available-for-sale classification of equity investments and require that equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be generally measured at fair value with changes in fair value recognized in net income. Further, the amendments require that financial assets and financial liabilities to be presented separately in the notes to the financial statements, grouped by measurement category and form of financial asset. The guidance in ASU No. 2016-01 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those annual periods. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position.

ASU 2015-16 — In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments, or ASU No. 2015-16. The amendments of ASU No. 2015-16 require that an acquirer recognize measurement period adjustments to the provisional amounts recognized in a business combination in the reporting period during which the adjustments are determined. Additionally, the amendments of ASU No. 2015-16 require the acquirer to record in the same period's financial statements the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the measurement period adjustment, calculated as if the accounting had been completed at the acquisition date as well as disclosing either on the face of the income statement or in the notes the portion of the amount recorded in current period earnings that would have been recorded in previous reporting periods. The guidance in ASU No. 2015-16 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendments should be applied prospectively. The Company adopted ASU No. 2015-16 for the year ended December 31, 2016, and the adoption did not have a material impact on the Company's results of operations, cash flows and financial position.

ASU 2014-09 — In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU No. 2014-09. The amendments of ASU No. 2014-09 complete the joint effort between the FASB and the IASB, to develop a common revenue standard for GAAP and IFRS, and to improve financial reporting. The guidance in ASU No. 2014-09 provides that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for the goods or services provided and establishes the following steps to be applied by an entity: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies the performance obligation. In August 2015, the FASB issued ASU No. 2015-14, which formally deferred the effective date by one year to make the guidance of ASU No. 2014-09 effective for annual reporting periods beginning after December 15, 2017, including interim periods therein. Early adoption is permitted, but not prior to the original effective date, which was for annual reporting periods beginning after December 15, 2016. In addition to ASU No. 2014-09, the FASB has issued additional guidance which provides further clarification on Topic 606. In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606), or ASU No. 2016-08. The amendments of ASU No. 2016-08 clarify how to apply the implementation guidance on principal versus agent considerations related to the sale of goods or services to a customer as updated by ASU No. 2014-09. In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606), or ASU No. 2016-10. The amendments of ASU No. 2016-10 provide further clarification on contract revenue recognition as updated by ASU No. 2014-09, specifically related to the identification of separately identifiable performance obligations and the implementation of licensing contracts. In May 2016, the FASB issued ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606), or ASU No. 2016-12. The amendments of ASU No. 2016-12 provide further clarification on contract revenue recognition as updated by ASU No. 2014-09, specifically related to collectibility, the presentation of tax collected from customers, and non-cash consideration, as well as offering practical expedients. The Company is working through an adoption plan which includes the evaluation of revenue contracts compared to the new standard and evaluating the impact of Topic 606 on the Company's results of operations, cash flows and financial position.

Note 3 — Business Acquisitions and Dispositions
The Company has completed the following business acquisitions and dispositions that are material to the Company's financial statements:
Acquisitions
2015 Acquisition of Desert Sunlight
On June 29, 2015, NRG Yield, Inc., through its subsidiary Yield Operating, acquired 25% of the membership interest in Desert Sunlight Investment Holdings, LLC, which owns two solar photovoltaic facilities that total 550 MW located in Desert Center, California from EFS Desert Sun, LLC, an affiliate of GE Energy Financial Services, for a purchase price of $285 million. The Company accounts for its 25% investment as an equity method investment.
Dispositions
Disposition of Majority Interest in EVgo
On June 17, 2016, the Company completed the sale of a majority interest in its EVgo business to Vision Ridge Partners for total consideration of approximately $39 million, including $17 million in cash received, which is net of $2.5 million in working capital adjustments, $15 million contributed as capital to the EVgo business and $7 million of future contributions by Vision Ridge Partners. all of which were determined based on forecasted cash requirements to operate the business in future periods. In addition, the Company has future earnout potential of up to $70 million based on future profitability targets. NRG will retain its original financial obligation of $102.5 million under its agreement with the CPUC whereby EVgo will build at least 200 public fast charging Freedom Station sites and perform the associated work to prepare 10,000 commercial and multi-family parking spaces for electric vehicle charging in California. As part of the sale, NRG has contracted with EVgo to continue to build the remaining required Freedom Stations and commercial and multi-family parking spaces for electric vehicle charging required under this obligation and will be directly reimbursed by NRG for the costs. As a result of the sale, the Company recorded a loss on sale of $83 million during the second quarter of 2016, which reflects the loss on the sale of the equity interest of $27 million and the accrual of NRG's remaining obligation under its agreement with the CPUC of $56 million. At June 30, 2016, the Company's remaining 35% interest in EVgo was accounted for as an equity-method investment at its fair value of $10 million.
Rockford Disposition
On May 12, 2016, the Company entered into an agreement with RA Generation, LLC to sell 100% of its interests in the Rockford I and Rockford II generating stations, or Rockford, for cash consideration of $55 million, subject to adjustments for working capital and the results of the PJM 2019/2020 base residual auction. Rockford is a 450 MW natural gas facility located in Rockford, Illinois. The transaction triggered an indicator of impairment as the sales price was less than the carrying amount of the assets, and, as a result the assets were considered to be impaired. The Company measured the impairment loss as the difference between the carrying amount of the assets and the agreed-upon sales price. The Company recorded an impairment loss of $17 million during the quarter ended June 30, 2016 to reduce the carrying amount of the assets held for sale to the fair market value. At June 30, 2016, the Company had $2 million of current assets and $54 million of non-current assets classified as held for sale for Rockford on its balance sheet. On July 12, 2016, the Company completed the sale of Rockford for cash proceeds of $56 million, including $1 million in adjustments for the PJM base residual auction results. For further discussion on this impairment, refer to Note 7, Impairments.
Aurora Disposition
On May 12, 2016, GenOn entered into an agreement with RA Generation, LLC to sell the Aurora generating station, or Aurora, for cash consideration of $365 million, subject to adjustments for working capital and the results of the PJM 2019/2020 base residual auction. Aurora is a 878 MW natural gas facility located in Aurora, Illinois. At June 30, 2016, GenOn had $2 million of current assets, $175 million of non-current assets and $2 million of current liabilities classified as held for sale for Aurora on its balance sheet. On July 12, 2016, GenOn completed the sale of Aurora for cash proceeds of $369 million, including $4 million in adjustments for the PJM base residual auction results and estimated working capital, which is subject to further adjustment. The sale will result in a gain of approximately $189 million to be recognized within GenOn's consolidated results of operations during the third quarter of 2016.

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Seward Disposition

On November 24, 2015, GenOn entered into an agreement with an affiliate of Robindale Energy Services, Inc. to sell 100% of its interest in the Seward generating station, a 525 MW coal-fired facility in Pennsylvania, for cash consideration of $75 million. At December 31, 2015, GenOn had $5 million of current assets, $83 million of non-current assets, $1 million of current liabilities and $4 million of non-current liabilities classified as held for sale for Seward on its balance sheet. On February 2, 2016, GenOn completed the sale of Seward and received gross cash proceeds of $75 million, excluding $3 million cash on hand transferred to the buyer. GenOn will also receive $5 million in deferred cash consideration in five $1 million annual installments and up to $2.5 million in payments contingent upon future environmental testing. In addition, Robindale committed to future inventory purchases from GenOn of $13 million through 2019.

Shelby Disposition

On November 9, 2015, GenOn entered into an agreement with an affiliate of Rockland Power Partners II, LP to sell 100% of its interest in the Shelby generating station, a 352 MW natural gas-fired facility located in Illinois for cash consideration of $46 million. At December 31, 2015, GenOn had $1 million of current assets, $22 million of non-current assets, and $1 million of current liabilities classified as held for sale for Shelby on its balance sheet. On March 1, 2016, GenOn completed the sale of Shelby for cash proceeds of $46 million, which resulted in a gain of $29 million recognized within the consolidated results of operations during the first quarter of 2016. In addition, GenOn retained $10 million related to future revenue rights retained as part of the agreement.

Transfer of Assets under Common Control

On August 8, 2016, the Company entered into an agreement to sell the remaining 51.05% interest in the CVSR project to NRG Yield, Inc. for total expected consideration of $78.5 million plus assumed debt and working capital adjustments to be calculated at close. The sale is subject to customary closing conditions and is expected to close during the third quarter of 2016.

On November 3, 2015, the Company sold 75% of the Class B interests of NRG Wind TE Holdco, which owns a portfolio of 12 wind facilities totaling 814 net MW, to NRG Yield, Inc. NRG Yield, Inc. paid total cash consideration of $209 million, subject to working capital adjustments. NRG Yield, Inc. is responsible for its pro-rata share of non-recourse project debt of $193 million and noncontrolling interest associated with a tax equity structure of $159 million (as of the acquisition date). In February 2016, the company made a final working capital payment of $2 million to NRG Yield, Inc. reducing total cash consideration to $207 million.

On January 2, 2015, the Company sold the following facilities to NRG Yield, Inc.: Walnut Creek, the Tapestry projects (Buffalo Bear, Pinnacle and Taloga) and Laredo Ridge. NRG Yield, Inc. paid total cash consideration of $489 million, including $9 million of working capital adjustments, plus assumed project level debt of $737 million.

Note 4 — Fair Value of Financial Instruments

This footnote should be read in conjunction with the complete description under Note 4, Fair Value of Financial Instruments, to the Company's 2015 Form 10-K.

For cash and cash equivalents, funds deposited by counterparties, accounts and other receivables, accounts payable, restricted cash, and cash collateral paid and received in support of energy risk management activities, the carrying amount approximates fair value because of the short-term maturity of those instruments and are classified as Level 1 within the fair value hierarchy.

The estimated carrying amounts and fair values of NRG's recorded financial instruments not carried at fair market value are as follows:

	As of June 30, 2016		As of December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
Assets:				
Notes receivable [(a)]	$54	$ 54	$ 73	$ 73
Liabilities:				
Long-term debt, including current portion [(b)]	19,253	18,593	19,620	18,263

(a) Includes the current portion of notes receivable which is recorded in prepayments and other current assets on the Company's consolidated balance sheets.

(b) Excludes deferred financing costs, which are recorded as a reduction to long-term debt on the Company's consolidated balance sheets.

The fair value of the Company's publicly-traded long-term debt is based on quoted market prices and is classified as Level 2 within the fair value hierarchy. The fair value of debt securities, non-publicly-traded long-term debt and certain notes receivable of the Company are based on expected future cash flows discounted at market interest rates, or current interest rates for similar instruments with equivalent credit quality and are classified as Level 3 within the fair value hierarchy.

Recurring Fair Value Measurements

Debt securities, equity securities, and trust fund investments, which are comprised of various U.S. debt and equity securities, and derivative assets and liabilities, are carried at fair market value.

The following tables present assets and liabilities measured and recorded at fair value on the Company's condensed consolidated balance sheets on a recurring basis and their level within the fair value hierarchy:

	As of June 30, 2016			
	Fair Value			
(In millions)	Level 1	Level 2	Level 3	Total
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	$—	$—	$16	$16
Available-for-sale securities	11	—	—	11
Other [(a)]	11	—	—	11
Nuclear trust fund investments:				
Cash and cash equivalents	33	—	—	33
U.S. government and federal agency obligations	55	1	—	56
Federal agency mortgage-backed securities	—	69	—	69
Commercial mortgage-backed securities	—	19	—	19
Corporate debt securities	—	81	—	81
Equity securities	289	—	51	340
Foreign government fixed income securities	—	1	—	1
Other trust fund investments:				
U.S. government and federal agency obligations	1	—	—	1
Derivative assets:				
Commodity contracts	595	1,007	216	1,818
Total assets	$995	$1,178	$283	$2,456
Derivative liabilities:				
Commodity contracts	529	974	209	1,712
Interest rate contracts	—	200	—	200
Total liabilities	$529	$1,174	$209	$1,912

(a) Consists primarily of mutual funds held in a Rabbi Trust for non-qualified deferred compensation plans for certain former employees.

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(In millions)	As of December 31, 2015 Fair Value Level 1	Level 2	Level 3	Total
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	$—	$—	$17	$17
Available-for-sale securities	9	—	—	9
Other [(a)]	14	—	—	14
Nuclear trust fund investments:				
Cash and cash equivalents	6	—	—	6
U.S. government and federal agency obligations	54	1	—	55
Federal agency mortgage-backed securities	—	59	—	59
Commercial mortgage-backed securities	—	25	—	25
Corporate debt securities	—	81	—	81
Equity securities	280	—	54	334
Foreign government fixed income securities	—	1	—	1
Other trust fund investments:				
U.S. government and federal agency obligations	1	—	—	1
Derivative assets:				
Commodity contracts	622	1,449	149	2,220
Total assets	$986	$1,616	$220	$2,822
Derivative liabilities:				
Commodity contracts	868	1,036	182	2,086
Interest rate contracts	—	128	—	128
Total liabilities	$868	$1,164	$182	$2,214

(a) Primarily consists of mutual funds held in rabbi trusts for non-qualified deferred compensation plans for certain former employees and a total return swap that does not meet the definition of a derivative.

There were no transfers during the three and six months ended June 30, 2016, and 2015 between Levels 1 and 2. The following tables reconcile, for the three and six months ended June 30, 2016, and 2015, the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements, at least annually, using significant unobservable inputs:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)							
	Three months ended June 30, 2016				Six months ended June 30, 2016			
(In millions)	Debt Securities	Trust Fund Investments	Derivatives [(a)]	Total	Debt Securities	Trust Fund Investments	Derivatives [(a)]	Total
Beginning balance	$17	$ 52	$ (17)	$52	$17	$ 54	$ (33)	$38
Total gains/(losses) — realized/unrealized:								
Included in earnings	—	—	24	24	—	—	7	7
Included in OCI	(1)	—	—	(1)	(1)	—	—	(1)
Included in nuclear decommissioning obligation	—	(1)	—	(1)	—	(4)	—	(4)
Purchases	—	—	24	24	—	1	29	30
Transfers into Level 3 [(b)]	—	—	(20)	(20)	—	—	7	7
Transfers out of Level 3 [(b)]	—	—	(4)	(4)	—	—	(3)	(3)
Ending balance as of June 30, 2016	$16	$ 51	$ 7	$74	$16	$ 51	$ 7	$74
	$—	$ —	$ 9	$9	$—	$ —	$ (15)	$(15)

Gains/(losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of June 30, 2016

(a) Consists of derivative assets and liabilities, net.

(b) Transfers into/out of Level 3 are related to the availability of external broker quotes and are valued as of the end of the reporting period. All transfers in/out are with Level 2.

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)									
	Three months ended June 30, 2015					Six months ended June 30, 2015				
(In millions)	Debt Securities	Other	Trust Fund Investments	Derivatives (a)	Total	Debt Securities	Other	Trust Fund Investments	Derivatives (a)	Total
Beginning balance	$18	$11	$ 54	$ 34	$117	$18	$11	$ 52	$ 80	$161
Total gains/(losses) — realized/unrealized:										
Included in earnings	—	(11)	—	(23)	(34)	—	(11)	—	(78)	(89)
Included in nuclear decommissioning obligations	—	—	—	—	—	—	—	2	—	2
Purchases	—	—	1	39	40	—	—	1	35	36
Transfers into Level 3 (b)	—	—	—	(4)	(4)	—	—	—	11	11
Transfers out of Level 3 (b)	—	—	—	3	3	—	—	—	1	1
Ending balance as of June 30, 2015	$18	$—	$ 55	$ 49	$122	$18	$—	$ 55	$ 49	$122
Losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of June 30, 2015	$—	$—	$ —	$ (8)	$(8)	$—	$—	$ —	$ (28)	$(28)

(a) Consists of derivative assets and liabilities, net.

(b) Transfers into/out of Level 3 are related to the availability of external broker quotes and are valued as of the end of the reporting period. All transfers in/out are with Level 2.

Derivative Fair Value Measurements

A portion of NRG's contracts are exchange-traded contracts with readily available quoted market prices. A majority of NRG's contracts are non-exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter and on-line exchanges. The remainder of the assets and liabilities represent contracts for which external sources or observable market quotes are not available for the whole term or for certain delivery months or the contracts are retail and load following power contracts. These contracts are valued using various valuation techniques including but not limited to internal models that apply fundamental analysis of the market and corroboration with similar markets. As of June 30, 2016, contracts valued with prices provided by models and other valuation techniques make up 12% of the total derivative assets and 11% of the total derivative liabilities.

NRG's significant positions classified as Level 3 include physical and financial power and physical coal executed in illiquid markets as well as financial transmission rights, or FTRs. The significant unobservable inputs used in developing fair value include illiquid power and coal location pricing which is derived as a basis to liquid locations. The basis spread is based on observable market data when available or derived from historic prices and forward market prices from similar observable markets when not available. For FTRs, NRG uses the most recent auction prices to derive the fair value.

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The following tables quantify the significant unobservable inputs used in developing the fair value of the Company's Level 3 positions as of June 30, 2016 and December 31, 2015:

	Significant Unobservable Inputs June 30, 2016						
	Fair Value				Input/Range		
	Assets	Liabilities	Valuation Technique	Significant Unobservable Input	Low	High	Weighted Average
	(In millions)						
Power Contracts	$ 165	$ 146	Discounted Cash Flow	Forward Market Price (per MWh)	$ 10	$ 108	$ 38
Coal Contracts	—	13	Discounted Cash Flow	Forward Market Price (per ton)	28	38	33
FTRs	51	50	Discounted Cash Flow	Auction Prices (per MWh)	(97)	29	—
	$ 216	$ 209					

	Significant Unobservable Inputs December 31, 2015						
	Fair Value				Input/Range		
	Assets	Liabilities	Valuation Technique	Significant Unobservable Input	Low	High	Weighted Average
	(In millions)						
Power Contracts	$ 86	$ 100	Discounted Cash Flow	Forward Market Price (per MWh)	$ 10	$ 92	$ 27
Coal Contracts	—	12	Discounted Cash Flow	Forward Market Price (per ton)	28	45	35
FTRs	63	70	Discounted Cash Flow	Auction Prices (per MWh)	(98)	87	—
	$ 149	$ 182					

The following table provides sensitivity of fair value measurements to increases/(decreases) in significant unobservable inputs as of June 30, 2016 and December 31, 2015:

Significant Unobservable Input	Position	Change In Input	Impact on Fair Value Measurement
Forward Market Price Power/Coal	Buy	Increase/(Decrease)	Higher/(Lower)
Forward Market Price Power/Coal	Sell	Increase/(Decrease)	Lower/(Higher)
FTR Prices	Buy	Increase/(Decrease)	Higher/(Lower)
FTR Prices	Sell	Increase/(Decrease)	Lower/(Higher)

The fair value of each contract is discounted using a risk-free interest rate. In addition, the Company applies a credit reserve to reflect credit risk, which is calculated based on published default probabilities. As of June 30, 2016, the credit reserve resulted in a $6 million increase in fair value, which is composed of a $4 million gain in OCI and a $2 million gain in operating revenue and cost of operations. As of June 30, 2015, the credit reserve resulted in a $3 million increase in fair value, which was composed of a $1 million gain in OCI and a $2 million gain in operating revenues and cost of operations.

Concentration of Credit Risk

In addition to the credit risk discussion as disclosed in Note 2, Summary of Significant Accounting Policies, to the Company's 2015 Form 10-K, the following is a discussion of the concentration of credit risk for the Company's contractual obligations. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. NRG is exposed to counterparty credit risk through various activities including wholesale sales, fuel purchases and retail supply arrangements, and retail customer credit risk through its retail load activities.

Counterparty Credit Risk

The Company's counterparty credit risk policies are disclosed in its 2015 Form 10-K. As of June 30, 2016, counterparty credit exposure, excluding credit risk exposure under certain long term agreements, was $678 million and NRG held collateral (cash and letters of credit) against those positions of $53 million, resulting in a net exposure of $646 million. Approximately 87% of the Company's exposure before collateral is expected to roll off by the end of 2017. Counterparty credit exposure is valued through observable market quotes and discounted at a risk free interest rate. The following tables highlight net counterparty credit exposure by industry sector and by counterparty credit quality. Net counterparty credit exposure is defined as the aggregate net asset position for NRG with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark-to-market and NPNS, and non-derivative transactions. The exposure is shown net of collateral held, and includes amounts net of receivables or payables.

Category	Net Exposure [(a)] (% of Total)	
Financial institutions	53	%
Utilities, energy merchants, marketers and other	29	
ISOs	18	
Total as of June 30, 2016	100	%

Category	Net Exposure [(a)] (% of Total)	
Investment grade	97	%
Non-rated [(b)]	2	
Non-investment grade	1	
Total as of June 30, 2016	100	%

(a) Counterparty credit exposure excludes uranium and coal transportation contracts because of the unavailability of market prices.

(b) For non-rated counterparties, a significant portion are related to ISO and municipal public power entities, which are considered investment grade equivalent ratings based on NRG's internal credit ratings.

NRG has counterparty credit risk exposure to certain counterparties, each of which represent more than 10% of total net exposure discussed above. The aggregate of such counterparties' exposure was $296 million as of June 30, 2016. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, NRG does not anticipate a material impact on the Company's financial position or results of operations from nonperformance by any of NRG's counterparties.

Counterparty credit exposure described above excludes credit risk exposure under certain long term agreements, including California tolling agreements, Gulf Coast load obligations, wind and solar PPAs, and a coal supply agreement. As external sources or observable market quotes are not available to estimate such exposure, the Company estimates its credit exposure for these contracts based on various techniques including, but not limited to, internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Based on these valuation techniques, as of June 30, 2016, aggregate credit risk exposure managed by NRG to these counterparties was approximately $4.1 billion, including $2.5 billion related to assets of NRG Yield, Inc., for the next five years. This amount excludes potential credit exposures for projects with long-term PPAs that have not reached commercial operations. The majority of these power contracts are with utilities or public power entities with strong credit quality and public utility commission or other regulatory support. However, such regulated utility counterparties can be impacted by changes in government regulations and other technology and market factors, which NRG is unable to predict. In the case of the coal supply agreement, NRG holds a lien against the underlying asset, which significantly reduces the risk of loss.

Retail Customer Credit Risk

NRG is exposed to retail credit risk through the Company's retail electricity providers, which serve commercial, industrial and governmental/institutional customers and the Mass market. Retail credit risk results when a customer fails to pay for products or services rendered. The losses may result from both nonpayment of customer accounts receivable and the loss of in-the-money forward value. NRG manages retail credit risk through the use of established credit policies that include monitoring of the portfolio, and the use of credit mitigation measures such as deposits or prepayment arrangements.

As of June 30, 2016, the Company believes its retail customer credit exposure was diversified across many customers and various industries, as well as government entities.

Note 5 — Nuclear Decommissioning Trust Fund

This footnote should be read in conjunction with the complete description under Note 6, Nuclear Decommissioning Trust Fund, to the Company's 2015 Form 10-K.

NRG's Nuclear Decommissioning Trust Fund assets are comprised of securities classified as available-for-sale and recorded at fair value based on actively quoted market prices. NRG accounts for the Nuclear Decommissioning Trust Fund in accordance with ASC 980, Regulated Operations, because the Company's nuclear decommissioning activities are subject to approval by the PUCT with regulated rates that are designed to recover all decommissioning costs and that can be charged to and collected from the ratepayers per PUCT mandate. Since the Company is in compliance with PUCT rules and regulations regarding decommissioning trusts and the cost of decommissioning is the responsibility of the Texas ratepayers, not NRG, all realized and unrealized gains or losses (including other-than-temporary impairments) related to the Nuclear Decommissioning Trust Fund are recorded to nuclear decommissioning trust liability and are not included in net income or accumulated OCI, consistent with regulatory treatment.

The following table summarizes the aggregate fair values and unrealized gains and losses (including other-than-temporary impairments) for the securities held in the trust funds, as well as information about the contractual maturities of those securities.

	As of June 30, 2016				As of December 31, 2015			
(In millions, except otherwise noted)	Fair Value	Unrealized Gains	Unrealized Losses	Weighted-average Maturities (In years)	Fair Value	Unrealized Gains	Unrealized Losses	Weighted-average Maturities (In years)
Cash and cash equivalents	$33	$ —	$ —	—	$6	$ —	$ —	—
U.S. government and federal agency obligations	56	5	—	12	55	1	—	11
Federal agency mortgage-backed securities	69	2	—	24	59	1	—	25
Commercial mortgage-backed securities	19	—	1	27	25	—	2	28
Corporate debt securities	81	3	—	11	81	1	1	10
Equity securities	340	202	—	—	334	199	—	—
Foreign government fixed income securities	1	—	—	8	1	—	—	9
Total	$599	$ 212	$ 1		$561	$ 202	$ 3	

The following table summarizes proceeds from sales of available-for-sale securities and the related realized gains and losses from these sales. The cost of securities sold is determined on the specific identification method.

	Six months ended June 30,	
	2016	2015
	(In millions)	
Realized gains	$ 3	$ 9
Realized losses	2	5
Proceeds from sale of securities	267	358

Note 6 — Accounting for Derivative Instruments and Hedging Activities

This footnote should be read in conjunction with the complete description under Note 5, Accounting for Derivative Instruments and Hedging Activities, to the Company's 2015 Form 10-K.

Energy-Related Commodities

As of June 30, 2016, NRG had energy-related derivative instruments extending through 2027. The Company marks these derivatives to market through the income statement.

Interest Rate Swaps

NRG is exposed to changes in interest rates through the Company's issuance of variable rate debt. In order to manage the Company's interest rate risk, NRG enters into interest rate swap agreements. As of June 30, 2016, the Company had interest rate derivative instruments on recourse debt extending through 2021, which are not designated as cash flow hedges. The Company had interest rate swaps on non-recourse debt extending through 2032, most of which are designated as cash flow hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of NRG's open derivative transactions broken out by category, excluding those derivatives that qualified for the NPNS exception, as of June 30, 2016, and December 31, 2015. Option contracts are reflected using delta volume. Delta volume equals the notional volume of an option adjusted for the probability that the option will be in-the-money at its expiration date.

		Total Volume	
		June 30, 2016	December 31, 2015
Category	Units	(In millions)	
Emissions	Short Ton	—	1
Coal	Short Ton	27	35
Natural Gas	MMBtu	136	293
Oil	Barrel	1	1
Power	MWh	(45)	(74)
Capacity	MW/Day	(1)	(1)
Interest	Dollars	$3,184	$ 2,326
Equity	Shares	1	1

The decrease in the natural gas position was primarily the result of settlement of generation and retail hedge positions. The increase in the interest rate position was primarily the result of entering into new interest rate swaps to hedge the Term Loan Facility, as described in Note 8, Debt and Capital Leases.

Fair Value of Derivative Instruments

The following table summarizes the fair value within the derivative instrument valuation on the balance sheets:

	Fair Value			
	Derivative Assets		Derivative Liabilities	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	(In millions)			
Derivatives designated as cash flow hedges:				
Interest rate contracts current	$—	$ —	$39	$ 42
Interest rate contracts long-term	—	—	124	68
Total derivatives designated as cash flow hedges	—	—	163	110
Derivatives not designated as cash flow hedges:				
Interest rate contracts current	—	—	9	5
Interest rate contracts long-term	—	—	28	13
Commodity contracts current	1,470	1,915	1,325	1,674
Commodity contracts long-term	348	305	387	412
Total derivatives not designated as cash flow hedges	1,818	2,220	1,749	2,104

Total derivatives	$1,818	$ 2,220	$1,912	$ 2,214

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The Company has elected to present derivative assets and liabilities on the balance sheet on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. In addition, collateral received or paid on the Company's derivative assets or liabilities are recorded on a separate line item on the balance sheet. The following table summarizes the offsetting of derivatives by counterparty master agreement level and collateral received or paid:

	Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral (Held) / Posted	Net Amount
As of June 30, 2016	(In millions)			
Commodity contracts:				
Derivative assets	$1,818	$ (1,525)	$ (53)	$ 240
Derivative liabilities	(1,712)	1,525	17	(170)
Total commodity contracts	106	—	(36)	70
Interest rate contracts:				
Derivative liabilities	(200)	—	—	(200)
Total derivative instruments	$(94)	$ —	$ (36)	$ (130)

	Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral (Held) / Posted	Net Amount
As of December 31, 2015	(In millions)			
Commodity contracts:				
Derivative assets	$2,220	$ (1,616)	$ (113)	$ 491
Derivative liabilities	(2,086)	1,616	271	(199)
Total commodity contracts	134	—	158	292
Interest rate contracts:				
Derivative liabilities	(128)	—	—	(128)
Total derivative instruments	$6	$ —	$ 158	$ 164

Accumulated Other Comprehensive Loss

The following table summarizes the effects of ASC 815 on the Company's accumulated OCI balance attributable to cash flow hedge derivatives, net of tax:

	Three months ended June 30, 2016			Six months ended June 30, 2016		
	Energy Commodities	Interest Rate	Total	Energy Commodities	Interest Rate	Total
	(In millions)					
Accumulated OCI beginning balance	$—	$(150)	$(150)	$—	$(101)	$(101)
Reclassified from accumulated OCI to income:						
Due to realization of previously deferred amounts	—	7	7	—	10	10

Mark-to-market of cash flow hedge accounting contracts	—	(22)	(22)		—	(74)	(74)	
Accumulated OCI ending balance, net of $26 tax	$—	$(165)	$(165)		$—	$(165)	$(165)	
Losses expected to be realized from OCI during the next 12 months, net of $3 tax	$—	$22	$22		$—	$22	$22	

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	Three months ended June 30, 2015			Six months ended June 30, 2015		
	Energy Commodities	Interest Rate	Total	Energy Commodities	Interest Rate	Total
	(In millions)					
Accumulated OCI beginning balance	$(1)	$(83)	$(84)	$(1)	$(67)	$(68)
Reclassified from accumulated OCI to income:						
Due to realization of previously deferred amounts	—	2	2	—	4	4
Mark-to-market of cash flow hedge accounting contracts	—	19	19	—	1	1
Accumulated OCI ending balance, net of $37 tax	$(1)	$(62)	$(63)	$(1)	$(62)	$(63)

Amounts reclassified from accumulated OCI into income and amounts recognized in income from the ineffective portion of cash flow hedges are recorded to operating revenue for commodity contracts and interest expense for interest rate contracts. There was no ineffectiveness for the three and six months ended June 30, 2016, and 2015.

Impact of Derivative Instruments on the Statements of Operations

Unrealized gains and losses associated with changes in the fair value of derivative instruments not accounted for as cash flow hedges and ineffectiveness of hedge derivatives are reflected in current period earnings.

The following table summarizes the pre-tax effects of economic hedges that have not been designated as cash flow hedges, ineffectiveness on cash flow hedges and trading activity on the Company's statement of operations. The effect of energy commodity contracts is included within operating revenues and cost of operations and the effect of interest rate contracts is included in interest expense.

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Unrealized mark-to-market results	(In millions)			
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	$(51)	$(36)	$(137)	$(150)
Reversal of acquired gain positions related to economic hedges	(15)	(24)	(28)	(50)
Net unrealized (losses)/gains on open positions related to economic hedges	(32)	57	102	(81)
Total unrealized mark-to-market losses for economic hedging activities	(98)	(3)	(63)	(281)
Reversal of previously recognized unrealized losses/(gains) on settled positions related to trading activity	2	(15)	10	(36)
Reversal of acquired gain positions related to trading activity	—	(5)	—	(12)
Net unrealized gains/(losses) on open positions related to trading activity	11	(4)	22	2
Total unrealized mark-to-market gains/(losses) for trading activity	13	(24)	32	(46)
Total unrealized losses	$(85)	$(27)	$(31)	$(327)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(In millions)			
Unrealized losses included in operating revenues	$(526)	$(137)	$(481)	$(246)
Unrealized gains/(losses) included in cost of operations	441	110	450	(81)
Total impact to statement of operations — energy commodities	$(85)	$(27)	$(31)	$(327)
Total impact to statement of operations — interest rate contracts	$(7)	$35	$(18)	$21

The reversals of acquired gain or loss positions were valued based upon the forward prices on the acquisition date. The roll-off amounts were offset by realized gains or losses at the settled prices and are reflected in revenue or cost of operations during the same period.

For the six months ended June 30, 2016, the $102 million unrealized gain from open economic hedge positions was primarily the result of an increase in value of forward purchases of ERCOT electricity and natural gas due to increases in ERCOT power and natural gas prices, partially offset by a decrease in value of forward sales of PJM electricity due to decreases in PJM power prices.
For the six months ended June 30, 2015, the $81 million unrealized loss from open economic hedge positions was primarily the result of a decrease in value of forward purchases of ERCOT electricity and coal due to decreases in ERCOT power and coal prices partially offset by an increase in value of forward sales of PJM electricity due to decreases in PJM power prices.
During 2016, the Company has been undergoing the process of closing out and financially settling certain open positions with counterparties. The closure and financial settlements with these counterparties were necessary to manage the increase in collateral posting requirements following rating agency downgrades for GenOn and to reduce expected collateral costs associated with exchange cleared hedge transactions. As discussed above, GenOn realized approximately $38 million due to the closure and financial settlement of all open positions with one of GenOn's counterparties during the three months ended June 30, 2016. GenOn expects to close out and financially settle certain open positions with an additional counterparty during the third quarter of 2016. These positions had a fair market value of $80 million as of June 30, 2016. As of July 31, 2016, GenOn has realized $98 million due to the closure and financial settlement of these positions which would have otherwise been realized in 2017 through 2019.
Credit Risk Related Contingent Features
Certain of the Company's hedging agreements contain provisions that require the Company to post additional collateral if the counterparty determines that there has been deterioration in credit quality, generally termed “adequate assurance” under the agreements, or requires the Company to post additional collateral if there were a one notch downgrade in the Company's credit rating. The collateral required for contracts with adequate assurance clauses that are in a net liability position as of June 30, 2016, was $80 million. The collateral required for contracts with credit rating contingent features as of June 30, 2016, was $15 million. The Company is also a party to certain marginable agreements where NRG has a net liability position, but the counterparty has not called for the collateral due, which was approximately $9 million as of June 30, 2016.
See Note 4, Fair Value of Financial Instruments, to this Form 10-Q for discussion regarding concentration of credit risk.
Note 7 — Impairments

Rockford — As described in Note 3, Business Acquisitions and Dispositions, on May 12, 2016, the Company entered into an agreement with RA Generation, LLC to sell 100% of its interests in the Rockford generating stations for cash consideration of $55 million. The transaction triggered an indicator of impairment as the sale price was less than the carrying amount of the assets, and, as a result, the assets were considered to be impaired. The Company measured the impairment loss as the difference between the carrying amount of the assets and the agreed-upon sale price. The Company recorded an impairment loss of $17 million during the quarter ended June 30, 2016, to reduce the carrying amount of the assets held for sale to the fair market value.

Mandalay and Ormond Beach — On May 26, 2016, the CPUC rejected a multi-year resource adequacy contract between Mandalay and SCE. Also occurring during the second quarter of 2016, the Statewide Advisory Committee on Cooling Water Intake Structures, or SACCWIS, issued a draft April 2016 Report noting that CAISO plans to continue to assume in its transmission studies that Ormond Beach will not operate after December 31, 2020, the deadline for Ormond Beach compliance with California regulations to mitigate once-through cooling (OTC) impacts. The Company does not anticipate that contracts of sufficient value can be secured to support the significant investment required to design, permit, construct and operate measures required for OTC compliance. As a result, on May 6, 2016, the Company notified SACCWIS that it does not expect to continue to operate Ormond Beach beyond 2020. Additionally, during the second quarter of 2016, CAISO issued its Local Capacity Requirements report for 2017 indicating unfavorable changes within the local reliability areas in which both Mandalay and Ormond Beach are located. The culmination of these events were considered to be indicators of impairment and as a result, the Company performed impairment tests for the Mandalay and Ormond Beach assets under ASC 360, Property, Plant and Equipment. Based on the results of the impairment tests, the Company determined that the carrying amount of these assets was higher than the estimated future net cash flows expected to be generated by the respective assets and that the Mandalay and Ormond Beach assets were impaired. The fair value of the Mandalay and Ormond Beach operating units was determined using the income approach which utilizes estimates of discounted future cash flows, which were Level 3 fair value measurements and include key inputs such as forecasted contract prices, forecasted operating expenses and discount rates. The Company measured the impairment losses as the difference between the carrying amount of the Mandalay and Ormond Beach operating units and the present value of the estimated future net cash flows for each respective operating unit. The Company recorded an impairment loss of $16 million and $43 million for Mandalay and Ormond Beach, respectively, during the quarter ended June 30, 2016.

Other Impairments — During the second quarter of 2016, the Company recorded impairment losses for intangible assets of $8 million in connection with the Company's strategic change in its residential solar business as well as $10 million of deferred marketing expenses. In addition, the Company also recorded an impairment loss of $17 million to record certain previously purchased solar panels at fair market value.

Petra Nova Parish Holdings — During the first quarter of 2016, management changed its plans with respect to its future capital commitments driven in part by the continued decline in oil prices. As a result, the Company reviewed its 50% interest in Petra Nova Parish Holdings for impairment utilizing the other-than-temporary impairment model. In determining fair value, the Company utilized an income approach and considered project specific assumptions for the future project cash flows. The carrying amount of the Company's equity method investment exceeded the fair value of the investment and the Company concluded that the decline is considered to be other than temporary. As a result, the Company measured the impairment loss as the difference between the carrying amount and the fair value of the investment and recorded an impairment loss of $140 million.

Note 8 — Debt and Capital Leases

This footnote should be read in conjunction with the complete description under Note 12, Debt and Capital Leases, to the Company's 2015 Form 10-K. Long-term debt and capital leases consisted of the following:

(In millions, except rates)	June 30, 2016	December 31, 2015	June 30, 2016 interest rate % (a)
Recourse debt:			
Senior notes, due 2018	$587	$ 1,039	7.625
Senior notes, due 2020	818	1,058	8.250
Senior notes, due 2021	889	1,128	7.875
Senior notes, due 2022	992	1,100	6.250
Senior notes, due 2023	869	936	6.625
Senior notes, due 2024	734	904	6.250
Senior notes, due 2026	1,000	—	7.250
Term loan facility, due 2018	—	1,964	L+2.00
Term loan facility, due 2023	1,890	—	L+2.75
Tax-exempt bonds	455	455	4.125 - 6.00
Subtotal NRG recourse debt	8,234	8,584	
Non-recourse debt:			
GenOn senior notes	1,934	1,956	7.875 - 9.875
GenOn Americas Generation senior notes	748	752	8.500 - 9.125
GenOn Other	53	56	
Subtotal GenOn debt (non-recourse to NRG)	2,735	2,764	
Yield Operating LLC Senior Notes, due 2024	500	500	5.375
Yield LLC and Yield Operating LLC Revolving Credit Facility, due 2019	318	306	L+2.75
Yield Inc. Convertible Senior Notes, due 2019	333	330	3.500
Yield Inc. Convertible Senior Notes, due 2020	268	266	3.250
El Segundo Energy Center, due 2023	457	485	L+1.625 - L+2.25
Marsh Landing, due 2017 and 2023	410	418	L+1.175 - L+1.875
Alta Wind I - V lease financing arrangements, due 2034 and 2035	978	1,002	5.696 - 7.015
Walnut Creek, term loans due 2023	341	351	L+1.625
Tapestry, due 2021	176	181	L+1.625
Laredo Ridge, due 2028	102	104	L+1.875
Alpine, due 2022	151	154	L+1.750
Energy Center Minneapolis, due 2017 and 2025	100	108	5.95 - 7.25
Viento, due 2023	183	189	L+2.75
NRG Yield - other	455	469	various
Subtotal NRG Yield debt (non-recourse to NRG)	4,772	4,863	
Ivanpah, due 2033 and 2038	1,141	1,149	2.285 - 4.256
Agua Caliente, due 2037	874	879	2.395 - 3.633
CVSR, due 2037	780	793	2.339 - 3.775
Dandan, due 2033	101	98	L+2.25
Peaker bonds, due 2019	—	72	L+1.07
Cedro Hill, due 2025	100	103	L+3.125
Midwest Generation, due 2019	249	—	4.390
NRG Other	267	315	various
Subtotal other NRG non-recourse debt	3,512	3,409	

Subtotal all non-recourse debt	11,019	11,036	
Subtotal long-term debt (including current maturities)	19,253	19,620	
Capital leases:			
Capital leases	13	13	various
Other	2	3	various
Subtotal long-term debt and capital leases (including current maturities)	19,268	19,636	
Less current maturities	1,215	481	
Less debt issuance costs	160	172	
Total long-term debt and capital leases	$17,893		