

# NYSE:NPWR Q2 2025 Earnings Call Transcript

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## Operator | Conference Operator:

Greetings and welcome to the Net Power Incorporated second quarter 2025 earnings call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. If anyone should require operator assistance, please press star zero on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce Bryce Mendez, Director, Investor Relations. Please go ahead.

## Bryce Mendez | Director, Investor Relations:

Thank you. Good morning everyone and welcome to Net Power's second quarter 2025 earnings conference call. With me on the call today, we have our Chief Executive Officer, Danny Rice, and our Chief Operating Officer, Mark Horstman. Yesterday, we issued our earnings release for the second quarter of 2025, along with an updated presentation, both of which can be found on our Investor Relations website at [.NetPower.com](https://www.netpower.com). During this call, our remarks may include forward-looking statements. Actual results may differ materially from those stated or implied by forward-looking statements due to risks and uncertainties associated with our business. These risks and uncertainties are discussed in our FTP filings. Please note that we assume no obligation to update any forward-looking statements. With that, I'll now pass it over to Danny Rice, Net Power's Chief Executive Officer.

## Danny Rice | Chief Executive Officer:

Thanks, Bryce, and thanks everyone for joining our second quarter earnings call. Mark and I are excited to share some really positive developments. We're going to reference some slides in our latest investor presentation. I'd ask you all to have those handy and follow along. And after our prepared remarks, we'll open the line for questions. So let's get started. So the energy market's experiencing unprecedented demand, driven largely by the surge in artificial intelligence and data center growth. As noted on slide four, grid load growth from AI is outpacing the ability to add 24-7 generation, putting pressure on prices and grid reliability. For example, the 2025 PJM capacity auction saw cleared prices rise to \$329 per megawatt per day, an 11x increase over two years. Corporate sustainability goals are now competing with reliability and affordability concerns compounded by long interconnect cues and rising intermittency in local grids. From our conversations with prospective customers, the focus is now on securing reliable power as soon as possible and having credible pathways to decarbonize over time. We've seen more and more announcements along these lines. Capture ready gas projects, pairing gas projects with nature-based offsets, and we've even started to see next-gen nuclear link up with gas power developers to create a bridge. We think many of those solutions are optical at best, with no tangible industrial, mechanical, or thermodynamic bond between these gas solutions and these clean solutions. Be that as it may, the market is signaling its need to utilize gas because of its availability, reliability, and affordability, but wanting a credible, demonstrable pathway to lower emissions in the future. So what does this have to do with net power? Our net power cycle can be a fairly autonomous technology. It's sufficient in generating power from natural gas and inherently capturing the CO2 in the process, but it doesn't need to be self-sufficient, especially if integrating with other solutions that unlocks a pathway to give the market what it needs now, more reliable power, and what it wants in the future, lower emissions.

## **Mark Horstman | Chief Operating Officer:**

Turning to slide five, one of the unique aspects of our oxycombustion cycle is its large auxiliary load. In a typical simple cycle gas turbine power plant, only 40% of the BTU energy from natural gas is converted into power, with minimal power needed on site. However, in the net power cycle, nearly 80% of the BTU energy from the natural gas is converted into electricity, but the one caveat is the equipment needed to give us pure oxygen and run on our semi-closed loop cycle at high pressure requires a lot of energy itself. In the power industry, we call that auxiliary load. While the net power cycle has extremely high primary energy conversion into power, approximately half of this power is used for auxiliary load. The basic question we ask ourselves is why are we using our clean, more expensive power to service our auxiliary load when we could integrate and utilize lower cost power solutions. The answer is we can't, and as you'll see in the next few slides, we've selected gas turbines because they're the most deployable today to the market's need for reliable, affordable power, and they're the most synergistic with our product. But we could just as easily do it with geothermal, nuclear, solar, and wind power if those energy solutions are available in economical areas we want to deploy. Let's turn to slide six and walk through the integration. The first and most obvious energy is the ability to utilize lower cost power to cover all or a portion of our auxiliary load, which is a unique feature that most other power generation solutions don't have. We discovered that integrating the waste heat from just 50 megawatts of gas turbines is more cost effective than piping in waste heat from our onsite air separation unit. It will boost our core cycle efficiency by roughly 15 megawatts. The combination of simple cycle gas turbines and the net power cycle essentially results in a higher efficiency combined cycle configuration without adding steam cycle systems and allows for better turn down and load following flexibility. There's other synergies too, specifically sharing OSBL infrastructure for land, gas, water, and power, enabling these gas turbines to be deployed at lower cost than in a standalone gas turbine configuration, and also providing black start capability for our plant. From an economic perspective, the more low cost power we can use to cover our auxiliary load results in more power that we can export and the lower cost the power becomes. There are some important commercial synergies we'll cover in a few slides too. Turning to slide seven, the left-hand side of the page shows the energy mass for a standalone net power plant. 50 million cubic feet per day of gas equates to 550 megawatts of thermal input, and nearly 80 percent of that becomes power. You cover 210 megawatts of auxiliary load, and you're left with 200 megawatts of clean, reliable power for sale. The right-hand side of the page shows the integrated configuration, this time with gas turbines fully covering our auxiliary load, plus some cycle efficiencies, and now we're exporting 415 megawatts of clean, reliable power. So we double the power output and compared to the gas turbines themselves, it's half the emissions. But the real story here is the new sequencing and pathways we've created, which we'll cover on the following slide.

## **Danny Rice | Chief Executive Officer:**

So on slide eight, this is really the sequence the market is asking for, and this is what we'll be aspiring to deliver at Project Permian and future early projects. So with Permian and each of the projects we're originating, we're already working on securing the gas, water, and grid access. So we'll aim to get the 200 megawatt gas turbines installed as soon as the OSBL items are ready to go, likely one to two years ahead of net power. This 200 megawatts can serve as data centers or the grid immediately, and then when the net power core facility is installed, this 200 megawatts shifts from in front of the meter service to behind the meter service to cover our cycle's auxiliary load. And then net power takes over, delivering 400 megawatts of power to the customer. This transition from gas turbine to net power is where you realize a 50 percent reduction in emissions and with double the power output. And the pathway to further decarbonize doesn't stop there. There's the ability to install more net power plants, of course, but it opens up two additional pathways. The first is installing PCC on the gas turbines itself, and the second is integrating renewables into the project. PCC is an interesting one because we'll have already established the CO<sub>2</sub> infrastructure for transport and sequestration, which are the two biggest hang-ups with PCC today. We're taking a very altruistic perspective because we think that it's an important element of attractiveness to prospective partners, having multiple pathways to procure reliable clean energy. And if we're originating projects to accommodate a mix of energy solutions, we'll find ways to capture value above and beyond just our net power cycle technology. Turning to

slide nine, in just a few short months, Project Permian LCOE has meaningfully improved from over \$150 per megawatt hour to now under \$100 per megawatt hour, and it's more than just the integrated configuration driving this meaningful reduction. As the slide illustrates, we've made excellent progress on SN1 value engineering, and that, along with improvements on the tax incentives, are equally as impactful as the product integration. I'll let Mark touch on some of the SN1 value engineering progress.

### **Mark Horstman | Chief Operating Officer:**

Project

### **Danny Rice | Chief Executive Officer:**

Permian

### **Mark Horstman | Chief Operating Officer:**

SN1 has progressed significantly in the last three to four months. We have work left to do, but thus far, the value engineering efforts have driven strong results. For example, pipe quantities are down 20 percent, pipe diameter reduced by 25 percent, and the overall plot plan site layout has shrunk by almost 25 percent. We've also received favorable pricing updates through work of the NetPower team and our partners with respect to the ASU equipment, cost coming in 15 percent lower than expected. Additionally, working with our APC contractors and others, we've reduced the ASU installation cost by almost 10 percent. Furthermore, we're initiating secondary and, in some cases, additional bids for the ASU installation and the overall plan itself. And finally, we've progressed our digital twin, which is important to validate the work that we've done thus far, and it allows us to modify and mitigate additional changes in the equipment as we go forward. We remain focused on the disciplined execution and cost controls as we move forward. We're focused and cautiously optimistic on the work remaining to be completed in the next 60 to 90 days.

### **Danny Rice | Chief Executive Officer:**

That's great, Mark. So on the other couple items on this slide, so with the recent One Big Beautiful Bill Act tax legislation, which we just referred to as OBBA, bonus depreciation, it amounts to a good chunk of the LCOE value by allowing investors to fully depreciate qualifying assets in year one. And that's actually a pretty meaningful benefit to LCOE. And 45 Q parity was enacted for CO2 utilization, so \$25 per ton higher than before. So it goes from \$60 to \$85 per ton for CO2 utilization, which is what we're planning to do at Project Permian, and that equates to a nearly \$10 per megawatt hour lower power price. So the integrated configuration delivers immediate economic value with the declining emissions profile, aligning with customer priorities for affordability now and decarbonization over time. This is an exciting place for us to be. We estimate it would take us 10 to 20 deployments with a standalone net power configuration to get below \$100 per megawatt hour LCOE, which we now believe we can achieve right out of the gates with this integrated configuration. So delivering Project Permian at these prices in carbon intensity levels illuminates a viable pathway to a highly competitive levelized cost of electricity for net powers entry and service units that prioritizes speed to market, and it maintains visibility to achieving a greater than 97% carbon capture end state product. And as we think about future deployments, this is certainly a configuration we intend to deploy to help the market establish access to reliable power sooner by leading with the gas turbines, and with each deployment of net power and planned reduction in our core cycles, capex, and improvement in cycle efficiency, it will mean fewer gas turbine megawatts are needed to be installed to achieve target LCOE, progressively lowering the aggregate facility CI score with each deployment. The flexibility we have to toggle costs and emissions by project going forward will allow us to meet the needs of each customer, whether it's hyperscalers, independent power producers, oil and gas companies, or local co-ops, all of whom are seeking

access to more reliable cost-effective power with a clear and credible pathway to reduce emissions over time. So I'm going to turn it back over to Mark to provide a few operational highlights.

### **Mark Horstman | Chief Operating Officer:**

During the slide 11, we shift focus to our LaPorte facility. I'm pleased to share meaningful progress in our turbo expander validation program in collaboration with Baker Hughes. During Q2, we've completed some key infrastructure repairs, including pump servicing and repair, upgraded our plant DCS, added additional plant automation, and modifications to our test rig to improve overall plant performance. Over the past four to eight weeks, our testing cadence has accelerated significantly. Thanks to plant automation, we've increased our startup speed. We've executed multiple overnight fired runs, and startups have become routine. And we validated that our operational models are aligned with our actual plant performance. Looking ahead, we expect to complete phase one of the program this year. Phase two will commence later this year and most likely conclude in early 2026. Additionally, design and site preparations are already underway for phases three and four, which are scheduled for completion in 2026 and 2027, respectively. I'm incredibly proud of the team's momentum and commitment. I look forward to keeping you all updated as we continue to advance this critical program. With that, we'll turn the call back to the operator for Q&A.

### **Operator | Conference Operator:**

Thank you. Well, now we conduct a question and answer session. If you would like to ask a question, please press star one on your telephone keypad. The confirmation tone will indicate your line is in the question queue. You may press star two to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up the hand step before pressing the star keys. One moment please while we poll for questions. Thank you. Our first question is from Martin Malloy with Johnson Wright.

### **Martin Malloy | Analyst, Johnson Wright:**

Good morning. Great to see the progress since the last business update. I wanted to find out if you could maybe help us a little bit with timing, maybe some of the milestones in terms of FID for SN1 or other projects, time to get them up and running with the simple cycle gas turbine.

### **Danny Rice | Chief Executive Officer:**

Yeah, hey Marty, this is Danny and Mark is here with me. Maybe in terms of really framing it, let me provide just some of the high level OSBL milestones around project permitting that I think really important. I think as everybody knows, we started getting working on the interconnect that are caught in interconnect years ago when we identified that project premium was going to be a candidate to be SN1. That's in process right now. That's a 300 megawatt interconnect with the ability to pull some power off of the grid as well, which makes it a really, really attractive site. That's sized for 300 megawatts. When we look at just the potential timing, that's going to be an interconnect that we think will be ready for first power into the grid over there by mid-2028 roughly. We're sitting in this position where if we're able to get to FID on the net power course cycle sometime next year, late next year, we'll be in a position where the net power plant can come online at the very earliest, 2029, but more realistically 2030. That's ultimately for us what leads to the ability to be able to intelligently sequence the deployments of being able to get the gas turbines out in the next couple of years ahead of the net power plant coming online in 2030. I think that staging is probably what we would want to do for not just project permitting, but potentially for our MISUV project as well, where it's lead with the gas turbines, establish that reliable power that each of these grid systems desperately needs yesterday, and then follow up with net power to both double the output and slash the carbon intensity profile of the aggregate power in half. Today is really the first time we've been talking about this integrated product, the gas turbine ability to be able

to lead first in a public way. Coming out of this call, this is really where we're going to get back with a lot of the potential power developers, hyperscalers, and other potential interested parties on really getting us indications of interest in participating in this full sequence from the gas turbines to the net power and beyond.

**Martin Malloy | Analyst, Johnson Wright:**

Great. That's very helpful. Just for my follow-up, want to ask about behind the meter opportunities with this new integrated approach?

**Danny Rice | Chief Executive Officer:**

Yeah. I think it's one of the things that I think everybody's really focused on is, can you co-locate? Everybody's really thinking about, can you get away from a lot of just the existential issues with grid cues, with congestion on the grid? I think one of the realities is, you're introducing a -a-kind technology, you're really not going to see much appetite from folks to say, I want to co-locate with a -a-kind plant, regardless of what it is, whether it's net power or nuclear or even a new gas turbine. People don't want to have that concentrated risk to a new -a-kind. I think one of the opportunities that really does open up for us here is, with the integration of the gas turbines, if you're leading with those gas turbines and you size those gas turbines appropriately, which means for us, it's not a single 200-megawatt gas turbine, but it'll be a fleet of much smaller ones. When you aggregate them, you get to 200 megawatts, but also when you aggregate six to eight turbines together, you're able to get to three to five-nine reliability that folks want to see and need to see to be able to establish co-location. All of a sudden, it opens up this new arena for us, which is we actually can start to think about co-locating serial number one because you're going to have the redundancy of that reliable gas turbine power leading the way. As we really think about what we can do with both Project Permian, but all of these future projects, I think the hyperscalers and a lot of the other folks that are looking to do data centers, they really want that reliable power now. I would say this integrated feature we're really talking about is really in response to just feedback that we've received from the market, which is, look, I need as much reliable power as you can get me tomorrow. I know it's going to be gas. I just need a very credible pathway to decarbonize this power generation over time as we scale this facility up. And so I think ultimately for us, this gives us a unique opportunity to be able to co-locate right out of the gates with serial number one because we're establishing that reliable power generation from the gas turbines from the get-go, knowing that net power is going to be soon behind to start to really decarbonize that gas power generation. And then it starts to just open up a whole world of opportunities of how large of a scale can that facility become as you go from gas turbines to net power? Do you then add another fleet of gas turbines to net power or do you just continue to add net power to that facility there, assuming that you have adequate access to natural gas? And certainly from the net power perspective, adequate CO2 off-take and sequestration slash storage potential on the backside for the CO2. And I think that's one of the really unique, valuable things about the Permian is there's no shortage of natural gas. There's no shortage of to be able to sequester the CO2. I think folks are really just looking for what gives me a very credible plan to be able to decarbonize for me to say the Permian is a fantastic place for me to think about co-location. And I think certainly in the context of net power, being able to lead with gas turbines gives us this opportunity to co-locate right out of the gates.

**Mark Horstman | Chief Operating Officer:**

And I think just to, if I could just add on Danny, just to put a point on it, from the standpoint of sequencing and the scheduling aspect, depending upon when we speak about behind the meter, potentially the co-location with data centers, as you get into 500 megawatt, a gigawatt, gigawatt and a half, two gigawatt data centers, as you ramp in those gas turbines, you can sequence them in such a way that aligns with the data center construction schedule. So it allows us to match the load potentially needed by the data center as we build up the overall power integration, power blend for the data center itself, where ultimately you get to a load where

it really makes sense to bring in a larger firming load of 200 plus megawatts from a net power facility to firm the entire data center campus.

**Martin Malloy | Analyst, Johnson Wright:**

Great. That's very helpful. Thank you very much. I'll turn it back. Thanks, Barry.

**Operator | Conference Operator:**

Thanks. Powernet questions from Nate Pendleton with Texas Capital Bank.

**Nate Pendleton | Analyst, Texas Capital Bank:**

Morning, Danny and Mark. Congrats on the progress.

**Wade Suki | Analyst, Capital One:**

Thank you.

**Nate Pendleton | Analyst, Texas Capital Bank:**

Regarding the value engineering savings outlined on slide nine, can you speak to any tradeoffs you have had to make in the performance or plan operation or to achieve those savings? And maybe if you could speak to any other areas your team is most focused on for additional savings?

**Mark Horstman | Chief Operating Officer:**

Yeah, no, great, great question. So as we've gone through the value engineering effort, you know, which we, if we go back six to nine months when we got the indicative estimate, which showed the costs were a bit higher than what we needed to have, we really went back to more of a -to-cost type structure of what we could do with respect to the facility without sacrificing the overall product requirements. So there really, there's been a few, call it minor equipment reductions from a reliability perspective, but nothing that was of any consequence that allows us to achieve the reliability that we expect to achieve with SN1 and further on plants with SN2, SN5, SN10. As we go forward with the looking at where we can further reduce cost and optimize, that's really what we're doing over the next 45 to 60 to 90 days, and that's primarily with our partners as well as with our EPC partners from the overall plant scheduling integration and reduction and overall plant layout.

**Nate Pendleton | Analyst, Texas Capital Bank:**

Thanks, appreciate the detail there. For my follow-up, now that 45Q has parity between sequestration and utilization pathways, how does that impact the potential addressable market for net power plants?

**Danny Rice | Chief Executive Officer:**

No, it's a great question, Nate. I mean, look, I think having the parity for 45Q for EORs, it's a big deal for Project Permian. I mean, I think part of the value proposition, especially when it comes to utilizing the CO2 for EOR, it's bigger than just what it means for LCOE. I think certainly with using that CO2 for enhanced oil

recovery, you're increasing US energy security with additional oil production, which there's pros and cons with that for sure, depending on who the prospective customer is. But I think the reality is the US is going to continue to use oil for a long, long time. And so I think the 45Q adjustment for CO2 utilization is certainly in response to we need to do whatever we can to shore up US energy security on all forms of energy that this country depends on today and will continue to depend on for the next couple of decades. So what it really just means for us is it really demonstrates that places like the Permian, one of the byproducts of being able to utilize the CO2 for EOR is much lower cost of power. Versus trying to do sequestration in other parts of the country. So it makes it much more compelling to look at projects in the Permian. And I think when you take sort of the 45Q parity with the integrated product and with all of the work that Mark and the team have done on value engineering, SM1 costs even lower. You get to a place where all of a sudden Project Permian is actually a really, really economical place to put a first of a kind technology. I mean, I know on like prior calls, we've lamented the fact that trying to build in the Permian, you have to stick build. But I think it's pretty remarkable we're able to overcome all of those inefficiencies on having to stick build out there because of all the progress that we've made both internally on the value engineering, but also because of these tax policy changes and integrated product design changes that really cuts out a massive, massive chunk of the LCOE. So we're sitting there where I think if you asked anybody, you know, does this thing hunt in terms of clean, reliable power, I would say starting at below \$100 is a really, really good place to start. But I think that's really like the key piece is this is really just the starting point. I think as we're able to hopefully catalyze commercialization with serial number one, that enables us to do serial number two, which will be lower cost, higher efficiency. And you can continue to see the LCOE trend down if we wanted to keep the project, keep all keep these future projects in the Permian. The nice thing for us is we're starting to originate projects in other parts of the country and other parts of North America that also have the same need for clean, reliable power. And so certainly this integrated product along with just the efficiencies we're going to pick up from going from serial number one to serial number two will benefit those opportunities as well.

### **Nate Pendleton | Analyst, Texas Capital Bank:**

All right. Thanks for taking my questions.

### **Danny Rice | Chief Executive Officer:**

Thanks, Nate.

### **Operator | Conference Operator:**

Our next question is from Noel Parks with TUI Brothers.

### **Noel Parks | Analyst, TUI Brothers:**

Hi, good morning. I was wondering, thinking about the change to the process, can you talk about just what you're aware of as far as the turbine market availability of turbines? Do you have a sense of the vendors that might have units in their product line that would be appropriate to your needs with the new design?

### **Mark Horstman | Chief Operating Officer:**

Yeah, for sure. Thanks. Thanks for the question. You know, relative to the larger gas turbines, we're hearing the same thing. I think everybody else is from the standpoint of the larger gas turbines, the more industrial gas turbines are sold out to 2030, 2031, et cetera, et cetera. But relative to our needs, we're looking for more flexible generations. So the 200 megawatts that we've referenced today is primarily set up of multiple gas

turbines, the smaller gas turbines, medium gas turbines, possibly air-derivative gas turbines. We're not quite ready to highlight the gas turbines that we have in mind. We've got a line of sight on. But the key is that they fit into the overall flexible generation and give us a solid foundation to build and to install and deploy those gas turbines along with the data phase construction approach if need be. Right now that line of sight would potentially allow us to deploy them in the early to mid-2028 timeframe from that standpoint.

**Noel Parks | Analyst, TUI Brothers:**

Great. Thanks. Given that the company has ownership by a number of large industry partners, do you have a sense of whether the updated design, does it satisfy the needs and priorities of the various partners and players that were assuming the original design was what you'd go forward with?

**Mark Horstman | Chief Operating Officer:**

Yeah, I guess the question, I think your question is relative to the integrated product released today. Is it supportive from our major shareholders?

**Noel Parks | Analyst, TUI Brothers:**

Exactly.

**Danny Rice | Chief Executive Officer:**

Yeah, the answer is yes. I think as everybody knows, there's three folks from OXIE on the board that we've been working very closely with on the integrated configuration. I think the reality is this integrated product, it really enables us to get pulled into the market sooner because the market, as we all know, is trying to deploy as many gas turbines to be able to satisfy the near-term power needs as possible. But the market's really saying, hey, I'm going to continue to deploy these gas turbines, but I really do need credible pathway to be able to decarbonize. Folks are having to look at solutions that may not have any tethering to the gas turbines. I think that's probably the one really, really unique differentiating feature of NetPower is there actually is real industrial synergies between these gas turbines and our core cycle. We covered it. It's not just the low-cost power that we integrate into the cycle, but it's the heat integration that we integrate into the cycle. It's the ability to have all of the shared infrastructure in place to support not just getting these gas turbines on first, but that's infrastructure we're going to have to get in place for NetPower as well. I think it just starts to open a whole new world of potential pathways of where do you go from there, whether it's the PCCPs or whether you say now's a good time to start looking at adding renewables into these sort of complexes to further reduce the CI score if you're in an area where you can do low-cost reliable renewables. I think we're certainly taking a more holistic approach to clean, reliable power generation. I think part of it is because we have this skill set that we've been developing over the last couple of years. Certainly, we've been cutting our teeth on the NetPower technology to be able to develop that skill set, but I think it's a skill set and a perspective that's applicable to more than just our one single technology today. This has really just opened the door for us to be able to find ways to capture value above and beyond just building NetPower plants and selling NetPower licenses. I think this is now a way for us to be able to offer broader, more comprehensive solutions to help companies achieve both their near-term energy needs and most importantly from our mission, achieve their long-term sustainability goals in a very, very responsible way.

**Mark Horstman | Chief Operating Officer:**

If I could just add on or build on what Danny just said. It's a short-term and it's a long-term strategy. One of the biggest challenges and responsibilities we have to our shareholders and customers is to get the first unit built, but then also deploy a commercial product for years to come. We do have estimates for our maturation curve from the performance of the plant potentially improving and then also the cost of the plant on subsequent deployments of reducing, but we only get to that if we're able to build it and to accelerate the adoption. This integration strategy allows us to meet the needs of customers today, which is looking at speed to power and a bit more cost-sensitive than potentially they were from an emission standpoint of a couple of years ago. It allows us to deploy a product that meets those needs, but also allows us to maintain the long-term goal, which is having the lowest, cleanest, reliable power out there.

**Noel Parks | Analyst, TUI Brothers:**

Great. Thanks a lot.

**Mark Horstman | Chief Operating Officer:**

Thank

**Operator | Conference Operator:**

you. Our next question is from Betty Jane with Barclay.

**Danny Rice | Chief Executive Officer:**

Hey, Betty.

**Operator | Conference Operator:**

Our next question is from Wade Suki with Capital One.

**Wade Suki | Analyst, Capital One:**

Good morning, everyone. Appreciate you all taking my question. Just for clarity, I see you all shaved a little bit off the cost of SN1. I'm assuming, please correct me if I'm wrong, the 16219 does not include the simple cycle turbine, so I'm just wondering is it safe to assume on this kind of standard configuration you have in the presentation that adds maybe 250, what, 300 million to the kind of total installed cost of SN1? Is that ballpark in the range?

**Mark Horstman | Chief Operating Officer:**

Yeah, good morning, Wade. Thanks. Yeah, so just if I could, I'll step back for a second to answer your question. Yes, the 16219 includes the net power plant. It does not include the addition of the 200 megawatts. The 200 megawatts that we have line aside on will potentially add between \$300 million to \$400 million to the overall TIC of the plant. And then with respect to the range of the 16219, as hopefully our comments have reflected, we've made some really good, the team has made some excellent progress in the last 30 to 60 to 90 days. We still got another 60 to 90 days to go to bring home those estimates into firm estimates across the

board. So hopefully here in the next two to three months, we'll be able to come back and provide a little bit of a tighter window of the net power plant itself. And then we'll certainly include in the addition of the gas turbines at that time.

**Wade Suki | Analyst, Capital One:**

Great, thank you very much for your helpful. Just switching gears a little bit, does the design change and sort of the sequencing of these simple cycle gas turbines, does this alter the business model at all? In terms of, let's say, ownership interest, direct investments in plants, and maybe you can speak to the impact on the licensing model, how you see that changing or evolving, I guess, with the new model.

**Mark Horstman | Chief Operating Officer:**

Yeah, I mean, I think it only enhances our business model. As we contemplated, and as I mentioned a few moments ago, the challenge of getting the first couple of plants built from the standpoint of developing those projects or even licensing, we're flexible to do either one. As we move forward with the integrated product, the gas turbines that we would most likely look to integrate typically fall right in line with our overall methodology and net power from a standard product approach and a modular approach. So it fits in quite well. And from the standpoint of the gas turbines that we'd integrate, one of the other benefits of the net power cycle is that we truly are GT agnostic. So depending upon if a customer has an existing site, whether a customer has a line of site to existing gas turbines, we're very flexible in being able to integrate that properly into our cycle, into our plant, in order to achieve whatever the particular mission or requirements that the customer is trying to meet.

**Wade Suki | Analyst, Capital One:**

Thanks again. Appreciate you taking my questions.

**Operator | Conference Operator:**

Thank you. Our next question is from Betty Jiang with Barclays.

**Betty Jiang | Analyst, Barclays:**

Sorry, it got disconnected earlier. I wanted to ask about the cost trajectory to get to that \$100 per megawatt. Danny, in your prepared comments, you talked about needing the 10 to 20 deployments to get there. So what do you expect to learn and how do you expect that cost trajectory to come down over time?

**Danny Rice | Chief Executive Officer:**

Yeah, so I think on prior calls, we kind of talked about where we start on the cost curve is really, really important because that gives us a good starting point to really understand how much cost can we shave out of this thing as we scale up, as we look at modularizing, as we look at deploying these things in multipacks, which is ultimately one of the things we want to do as people continue to just demand for just much larger scale power generation. We're kind of sitting in a place where if we're starting in that one six to nine sort of zip code, we feel pretty good about being able to get down to the one two to one three range, 1.2 to 1.3 billion for the standalone net power unit. So if we can get there over the first 10 to 20 plants, which we feel is quite actionable and reasonable, that's where you can get standalone net power to around \$100 a megawatt hour

LCOE under normal conditions. So as you kind of look at just that economic slide that shows where we're going to be starting with project permitting with this integrated product, we're going to be starting that first plant below that \$100. And that creates a really interesting sort of setup for us in terms of how do we configure the plant for future deployments to achieve really two things. What's the CI score that a potential customer wants to achieve? And what's the LCOE score that they want to achieve? I think the beauty of the integrated product and the flexibility of our cycle to be able to accommodate anywhere from zero to 200 megawatts of the gas turbines enables us to really hit the LCOE or environmental score that the customer wants to see at their site. So like to give you an example, if we had a customer that said all I really care about is the affordability of the power. The environmental piece is nice, but I'm really not thinking about that for the next 20 years. We would install 200 megawatts of the gas turbines to fully cover our ox load all day long. And you'll see as we are able to reduce the core capex of our cycle, you would see that LCOE go from below 100 to below 90 to below 80, so on and so forth. But as we have folks that start to have a more weighted focus on the environmental piece and they say a competitive LCOE is important, but I really need that CI score to go down. The easiest way for us to be able to improve the CI score is to back off the number of gas turbines that are installed. It's as simple as that. That's the really interesting thing here is we still have the same end state goal of getting to clean, affordable, reliable power for less than \$100 per megawatt hour. That's ultimately what end state looks like for standalone net power where your capex is \$1.2, \$1.3 billion. There's no gas turbines installed and you're inherently capturing over 97% of the CO<sub>2</sub>. That can lead you to that CI score that's on a scope two basis, 20 grams per kilowatt hour or less with an LCOE below 100. That's the end state for standalone net power. I think what this integrated product really enables us to do is really invert what that commercialization pathway looks like. Rather than starting at a high LCOE and a low CI score, what we're doing is we're starting at a moderate CI score in a low LCOE because with what the market is saying they value today, the market is saying we really, really value access to reliable, affordable power, but just give me a pathway to decarbonize over time. So now we're creating a product and really a deployment program that aligns with what the market wants and needs now and what it wants and needs in the future.

### **Betty Jiang | Analyst, Barclays:**

Got it. No, that makes sense with that commercialization strategy. My follow-up is on the cash burn expectations. I think your incurred cost for 2Q was a bit higher than the actual cash outflow and it was also a bit higher than where we were at. Could you just give us some color on where you expect your cash burn on a quarterly basis, maybe out through the next year or two, and any dynamic around the committed cash and committed payment versus what's not yet paid out yet?

### **Danny Rice | Chief Executive Officer:**

Yeah, no, certainly. We certainly have some flexibility around the cash spend. I think the big portion of our cash spend right now is we've paused releasing long lead items for Project Permian. It's really two big items. It's just continuing to cover our G&A, which is at a \$40 million a year run rate. That's stagnant at this point and that will just continue to be the expectation going forward. And then it's just continuing report testing with Baker Hughes. And I would say that's the one piece that will just through 26 into 27 as we go into phase two, phase three, and phase four. We're still maintaining where we expect cash to be at the end of the year, which is around \$340 million. I think we sort of got into that on the last earnings call. So we're going to be in a position where we're in a fairly good cash position going into the end of the year. I think the big focal area for us, is probably less on the cash burn and where we're sitting cash wise. I think for us, it's more of now starting to get indications of interest from folks on signing up for offtake for serial number one. Because I think as we really think about the important sequence of things, that's being able to get commitments or at least indications of commitments on offtake for this new integrated product. And then being able to get those indications will enable us to be able to secure the financing. So we can actually move ahead with both the gas turbine piece, but also continue to forge ahead with the net power piece. Because I think the big thing for us is we want to make sure that we're spending our capital prudently. And I think prudent capital spend for us

is we have visibility in commercialization of the technology. And so I think we're going to learn a lot over the next 60 to 90 days, as we really get out there in the market and talk to folks about this integrated product. Like I mentioned earlier on the call, this is really the first time we're talking about this publicly. Certainly we've had conversations with a small, small handful of folks about this potential integrated configuration. But really, coming out of today's call is really going to be the first time that we're going to be talking to folks about it specifically around project permanence. So we're going to learn a lot. And I think what we learn in terms of interest is really going to help us to be able to make sure that we're spending the boatload of cash we have in a really, really responsible manner.

**Betty Jiang | Analyst, Barclays:**

I could just sneak in one more. Like when would you expect the timeline around securing an offtake agreement?

**Danny Rice | Chief Executive Officer:**

I mean, in an ideal world, as soon as possible, right? But I think if we're really trying to hit certain key milestones, which is we want to be in a position where we can get net power, our core cycle online by 2030, in the 2030 timeline, that really means if you back up to when you actually have to start procuring these items, you're really talking about a mid-2026 kind of FID and a 26 FID. So that's for the net power piece. I think the gas turbine piece is really interesting one because if we're going to have an interconnect that's ready in early 2028, we're going to have the ability to try to FID the gas turbine piece in the next 60 to 120 days. So I would say the gas turbine piece could come first. And I think the gas turbine piece can come first as long as there is this credible pathway of continuing to advance the technology net power with the anticipation of getting to FID and constructing this plan to get it online in 2030. So we really want to get to work on the gas turbine piece. I think the gas turbine financing is probably a little bit different than net power from being candid, just because we're talking about reliable proven technology that will have performance expectations that people have come to expect from gas turbines. And just with the dynamic around that, with what's happening in Texas, there's additional unique funding opportunities on the gas turbine piece that net power really just doesn't have access to today. Like for example, the Texas Energy Fund, if we're not going to be co-locating the first batch of these gas turbines with a hyperscaler in a co-located mode, and we're going to be putting this power onto the air-carb grid, these gas turbines could be eligible to participate in the next round of the Texas Energy Fund if they open it up to new capacity. And I hope they will because the Texas grid needs as much reliable capacity added to the system as it possibly can. And so these gas turbines could be eligible for test financing if it's something that we want to pursue. So there's just a lot of unique ways for us to be around each of these two technologies independent of each other, knowing that collectively they come together to create that complete solution.

**Betty Jiang | Analyst, Barclays:**

Great. Appreciate all that color.

**Danny Rice | Chief Executive Officer:**

Yep, you're welcome.

**Operator | Conference Operator:**

Thank you. There are no further questions at this time. I'd like to hand the floor back over to Danny Rice for any closing comments.

**Danny Rice | Chief Executive Officer:**

Okay. Thanks, operator. And thank you everybody for joining us today. The entire NetPower team has been working tirelessly to be able to come up with creative, unique, credible ways for us to be able to help the world achieve its near-term energy needs while also achieving its long-term environmental goals. That's been our mission. From the beginning is to transform natural gas into the lowest cost form of clean, firm power. That end state and vision is still intact today. I think this integrated product gives us a much more credible, realistic commercial pathway to get to that end state. And we're really excited to get back to work after we get off this call and come back to you all in another couple months with additional progress. So appreciate everybody's support. We can't do it without you. And we certainly can't do it with the hard team members that we have working tirelessly every day to create value for you all and deliver clean, affordable, reliable natural gas power. So thank you all again and we'll see you next quarter.

**Operator | Conference Operator:**

This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.