Docket #0014 Date Filed: 1/26/2026

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re: SHANNON WIND, LLC, Debtor.	Chapter 11 Case No. 26-90124 (ARP)

DECLARATION OF JOHN SHEPHERD IN SUPPORT OF CHAPTER 11 PETITION AND FIRST DAY PLEADINGS

I, John Shepherd, pursuant to 28 U.S.C. § 1746, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am the chief restructuring officer ("CRO") of Shannon Wind, LLC ("Shannon Wind" or the "Debtor"). I am over the age of 18 and authorized to submit this declaration (this "Declaration") on behalf of the Debtor.

2. I have over 30 years' worth of experience in energy private equity, corporate finance, strategy, corporate development, mergers and acquisitions and corporate restructuring. Currently, I am a Senior Managing Director in the Turnaround and Restructuring group at Accordion Partners, LLC ("Accordion"). I have held numerous senior positions and served on the board of directors for several energy companies. Throughout my career, I have garnered significant transactional, advisory, and management experience spanning the full spectrum of the energy industry, including oil and gas, energy infrastructure, oilfield services, power and renewable energy.

3. In my capacity as CRO of the Debtor, I am familiar with the facts and circumstances set forth herein, which, except as otherwise noted, are based on my actual knowledge as well as information and advice provided to me by the Debtor's independent contractors and certain of its

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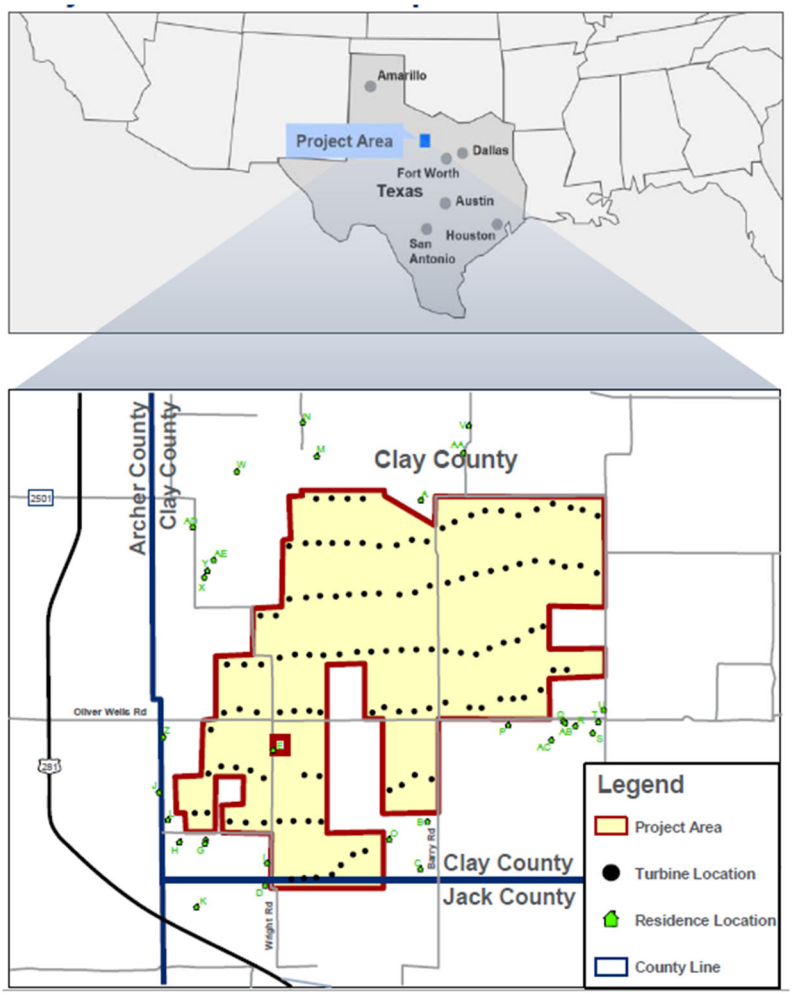
professionals and advisors. In addition, the statements made herein are based, in whole or in part, upon my review of public and non-public documents and my discussions with the Debtor's independent contractors and advisors on whom I have relied. I am generally familiar with the Debtor's business, financial condition, day-to-day operations, and the circumstances leading to the commencement of this chapter 11 case (the "Chapter 11 Case"). I believe, to the best of my knowledge, that the facts and circumstances set forth herein are true and correct. References to bankruptcy, the chapter 11 process, and related legal matters are based on my understanding of such in reliance on the explanation provided by counsel to the Debtor. If called upon to testify, I would testify competently to the facts set forth herein.

4. On January 25, 2026 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Court"). I submit this Declaration for the purpose of apprising the Court and other parties in interest of the history of the Company, its capital structure and debt, and the circumstances that led to the commencement of the Chapter 11 Case. Roughly contemporaneous with this Declaration, the Debtor has also filed certain motions and other applications with the Court, including the "first day motions" (the "First Day Motions") and, as discussed in greater detail below I submit this Declaration in support of the First Day Motions and other relief sought by the Debtor.

INTRODUCTION

5. The Debtor owns a 204.1 megawatt ("MW") wind farm in Clay County, Texas (the "Project"). The Project's commercial operation date was in December 2015.

6. The Project is located in North Texas, which is one of the strongest wind resource regions in the United States.



7. As detailed more fully in Part III below, despite being underpinned by stable, long-term revenue, and low amounts of funded debt, the Debtor has faced certain challenges that compelled the Chapter 11 Case. In particular, the Debtor has been unable to satisfy its obligations to Citigroup Energy Inc. ("CEI") under certain power hedge agreements.

8. As a result, CEI exercised certain remedies under its agreements with the Debtor and appointed me as CRO. Since my appointment, I have worked with CEI, Citibank, N.A. ("Citibank"), and Lotus Infrastructure Partners ("Lotus"), the indirect parent entity of the Project's developer, in an attempt to resolve the obligations owing to CEI and preserve value for all interested stakeholders.

9. The efforts at a consensual resolution have failed and compelled the filing of the Bankruptcy Case to effectuate a going-concern sale of the Project. The Debtor is actively marketing its assets for sale, subject to bidding procedures to be approved by this Court, in order to facilitate a competitive sale to the highest and best bidder. The Debtor is targeting a sale closing within one hundred and fifty (150) days after the Petition Date with a liquidating plan of reorganization, or other appropriate relief, to follow.

10. For ease of reference, the remainder of this Declaration is organized into five sections. Part I provides background information on the Company's corporate history, operations and assets. Part II outlines the Debtor's capital structure and other obligations. Part III describes the circumstances leading to the filing of the Chapter 11 Case. Part IV summarizes the Debtor's request for interim and final use of cash collateral. Part V summarizes the First Day Motions and provides insight into next steps in the Chapter 11 Case.

I. COMPANY AND OPERATIONS

A. Corporate Structure

11. The Debtor is wholly owned by Shannon Wind Holdings, LLC ("Holdings"). The Class A "tax equity" interests in Holdings are owned by Citicorp North America, Inc. and MidAmerican Wind Tax Equity Holdings, LLC. The Class B interests in Holdings are owned by Shannon Partnership Holdings, LCC, which is ultimately owned by Lotus, a private equity firm that targets investments in energy infrastructure assets.

B. The Company's Business and Assets

12. As discussed above, the Debtor's primary asset is the Project, which consists of 119 General Electric 1.7-103 wind turbines, with approximately 204MW of wind power capacity. The Project began commercial operations in December 2015 and is located in Clay County, Texas. The

Project feeds power into the Electric Reliability Council of Texas ("ERCOT") grid and connects via transmission lines managed by Oncor Electric Delivery Co.

13. GE Vernova International LLC ("GEV") provides the Debtor operation, monitoring, and maintenance services with respect to the wind turbine generators.

14. The Debtor does not have any employees. I am an independent contractor engaged to provide Chief Restructuring Officer services for the Debtor. As explained more fully in the Critical Vendor Motion (as defined below), Consolidated Asset Management Services ("CAMS") provides administrative and asset management services for the Project.

15. Furthermore, Tenaska Power Services Co. ("Tenaska") acts as the exclusive qualified scheduling entity and energy manager for the Debtor. Among other things, Tenaska manages all operational functions with ERCOT and markets all of the Project's production.

16. The Project currently has full merchant exposure for its production. Previously, Shannon Wind had a long-term hedge / fixed-price sale arrangement in place with CEI that functioned as a hedge against the ERCOT spot market (the Energy Hedge Agreement – Power, as defined below). Effective as of September 17, 2025, CEI terminated the Energy Hedge Agreement – Power with the Debtor due to the Debtor's failure to satisfy its obligations thereunder to CEI. Shannon Wind continues to sell Renewable Energy Certificates ("RECs") generated by power produced by the Project to CEI (the Energy Hedge Agreement – REC and Capacity, as defined below).

17. The Debtor holds long-term control over the real estate encompassing the Project through multiple leases and easements.

II. PREPETITION CAPITAL STRUCTURE

18. As of the Petition Date, the Debtor has only $5.1 million in funded debt obligations, with an additional approximately $102.9 million owing to CEI under the Debtor's Energy Hedge Agreement - Power, exclusive of accrued and accruing professional fees, as summarized in the table below:

Owed to CEI (000s)	
Energy Hedge Agreement - Power	102,936
Protective Advance Note	5,154
Total Owed to CEI	**108,090**

A. The Construction Loan

19. On or about June 29, 2015, the Debtor entered into that certain Credit Agreement (the "Construction Credit Agreement") with Citibank (as first lien administrative agent, first lien collateral agent and second lien collateral agent), and certain Issuing Banks (as defined in the Construction Credit Agreement) which provided for, among other things, construction loans in the amount not to exceed $212,245,700 and certain letter of credit facilities.

20. The Construction Credit Agreement were secured by substantially all the Debtor's assets. The Debtor satisfied all obligations under the Construction Credit Agreement in December 2015.

B. Energy Hedge Obligations

21. On or about June 29, 2015, the Debtor and CEI entered into (i) that certain ISDA 2002 Master Agreement, along with various schedules and annexes thereto, and associated Power Confirmation (the "Energy Hedge Agreement – Power") and (ii) that certain ISDA 2002 Master Agreement (REC and Capacity Transactions), along with various schedules and annexes thereto

(the "Energy Hedge Agreement – REC and Capacity" and, collectively with the Energy Hedge Agreement - Power, the "Energy Hedge Agreements").

22. The Energy Hedge Agreements are secured by substantially all assets of the Debtor, as well as a pledge of Holdings' membership interests in the Debtor.

23. Upon satisfaction of the obligations under the Construction Credit Agreement, the Debtor's obligations under the Energy Hedge Agreements became secured by a first priority lien against substantially all the Debtor's assets.

24. According to CEI, the Debtor's obligations under the Energy Hedge Agreement - Power and Protective Advance Note (as defined below) total approximately $108.1 million, calculated as set forth in the table above, not including accrued and unpaid fees and expenses under the Energy Hedge Agreements.

C. Prepetition Protective Advance

25. On or about November 5, 2025, the Debtor and CEI entered into that certain Senior Secured Promissory Note (the "Protective Advance Note") to fund the business and operations of the Debtor.

26. The obligations under the Protective Advance Note are secured by a first-priority lien against substantially all assets of the Debtor that is *pari passu* with the lien securing obligations under the Energy Hedge Agreements.

27. The Debtor's obligations under the Protective Advance Note total approximately $5 million.

III. EVENTS LEADING TO THE CHAPTER 11 CASE

A. The Debtor's Energy Hedge Obligations

28. Like many other renewable energy generators, the Debtor executed hedge agreements to lock in predictable cash flow and reduce merchant price risk.

29. The Debtor's Energy Hedge Agreements were executed in 2015 with CEI and generally required the Debtor to provide CEI a fixed quantity of electricity in exchange for a fixed price of $26.20 per megawatt-hour ("MWh").

30. As discussed above, Shannon Wind continues to sell RECs generated by power produced by the Project to CEI (the Energy Hedge Agreement – REC and Capacity), at the fixed rate of $0.75 per REC.

B. Winter Storm Uri

31. In February 2021, during Winter Storm Uri, Texas experienced extreme conditions, including freezing temperatures and dangerous weather, which prompted state and federal disaster declarations and caused widespread power outages. The wind turbines at the Project suffered significant blade icing that impeded energy production during the winter storm.

32. As a result of the intense storm conditions and widespread outages, ERCOT and the Public Utility Commission of Texas ("PUCT") issued orders, the effect of which was to raise the market price of electricity to the regulatory ceiling of $9,000/MWh. This price increase was purportedly intended to reflect the scarcity of supply, thereby incentivizing generators capable of adding supply to do so and large industrial users to reduce their demand. The price change remained in place for approximately four days.

33. Because the Debtor was producing little or no energy, it could not fulfill its obligations to deliver electricity at the low, fixed hedge price. Instead, under its hedge agreements,

the Debtor was liable to purchase the required electricity at the price that was set at the regulatory ceiling of $9,000/MWh.

34. Facing the winter storm and actions by ERCOT and PUCT, the Debtor issued notices to CEI asserting a *force majeure* event that would excuse its obligations under the Energy Hedge Agreements.

35. Notwithstanding the notices from the Debtor, I understand that on or around March 11, 2021, CEI issued an invoice to Shannon Wind under the Energy Hedge Agreement – Power in the amount of $39,486,641.34, which was primarily calculated for alleged delivery shortfalls at or by reference to the imposed $9,000/MWh pricing during Winter Storm Uri.

36. The Debtor disputed CEI's invoice, but did not have sufficient cash to satisfy the demand for payment. Following the Debtor's failure to pay, CEI issued notices of default to the Debtor.

C. Debtor Sues CEI

37. Following CEI's demand and default notices under the Power Hedge Agreements, in April 2021, the Debtor and Holdings sued CEI in the District Court of Harris County, Texas.

38. In the state court litigation, the Debtor and Holdings alleged, among other things, that they were entitled to declaratory judgments that the Debtor was excused from performing its obligations under the Energy Hedge Agreements as a result of a *force majeure* event, CEI's $39 million invoice was not calculated properly, the invoice was an unenforceable penalty, there was no event of default under the Energy Hedge Agreements, and CEI's notice of default was not valid. The Debtor also asserted a claim for breach of contract against CEI.

39. Given the deadlines in CEI's demands, the Debtor requested a temporary restraining order and injunction to stop any enforcement actions by CEI pending a resolution of the disputes raised in the litigation.

40. The state court granted the Debtor a temporary restraining order but denied the Debtor's request for a preliminary injunction.

41. The Debtor's petition against CEI was ultimately dismissed in February 2023.

D. Additional Events of Default and Remedial Actions

42. I have been advised by CEI that, during the Texas state court litigation discussed above, CEI issued additional notices of default to the Debtor under the Power Hedge Agreements.

43. Based on information provided by CEI and its counsel, on or about April 13, 2022, CEI exercised remedies under its collateral documents to direct Citibank, as first lien collateral agent to, among other things, deliver an account stop notice to the Debtor and take other actions, which resulted in a cash sweep of the collateral accounts in the amount of approximately $14,000,000 in partial satisfaction of the outstanding amounts.

E. Negotiations Among the Debtor and CEI

44. I understand that following CEI's notices of default to the Debtor, CEI, Citibank, and principals of Lotus engaged in negotiations to resolve the Debtor's obligations over the course of several years, including dozens of discussions and exchanges regarding amounts owed and proposals to satisfy the debt. However, the parties never reached agreement on an actionable plan.

F. Appointment of CRO

45. On or about September 16, 2025, CEI exercised certain remedies under its collateral documents to direct Citibank, as first lien collateral agent to, among other things, cause the Debtor

to approve certain amendments to the Debtor's operating agreement, execute the engagement letter with Accordion and retain me as CRO.

46. Since being retained as CRO for the Debtor, I have been focused on the day-to-day operations of the Project, communicating with the Project's stakeholders, ensuring the Debtor has sufficient cash for operations while considering strategic and financial restructuring alternatives, including a potential sale of the Project. Accordingly, as discussed above, I approved a $5 million prepetition loan from CEI for interim liquidity, however, the Debtor may ultimately need debtor-in-possession financing depending upon how the Chapter 11 Case proceeds.

47. Among other things, my team and I have been actively engaged with the Debtor's independent contractors and counsel to ensure stability for the Project. At this time, I am not aware of any financial or operational concerns that threaten the ongoing viability of the Project.

48. As CRO, I have attempted to engage with both CEI, Citibank and Lotus to facilitate a consensual resolution of the Debtor's liabilities. Unfortunately, these efforts have not borne an agreement that provides a clear path forward for the Debtor.

G. Appointment of Independent Manager

49. I understand that on or about January 22, 2026, CEI exercised certain remedies under its collateral documents to direct Citibank, as first lien collateral agent to, among other things, cause Holdings, as sole member of the Debtor, to appoint John D. Jones (the "Independent Manager") as independent manager for the Debtor, through Mr. Jones' wholly-owned entity, Redbud New Energy, LLC.

50. Mr. Jones is an energy industry veteran with over 30 years of experience in the development, acquisition, commercial execution, and financing of wind, solar, energy storage and natural gas fired independent power projects. This includes experience with project-financed

assets and matters involving hedging strategies, covenant compliance, and liquidity management in volatile commodity markets.

H. Sale Process

51. Prior to the Petition Date, the Debtor engaged Nomura Securities International, Inc. ("Nomura") as investment banker to assist in the marketing and sale of the Debtor or its assets. This process is in the early stages, and the Debtor does not have a binding offer from a proposed buyer.

52. In discussions with Nomura and the Debtor's counsel, I understand that a bankruptcy sale process is the most efficient means of pursuing a sale free and clear of all claims against the Debtor and its assets and thereby maximizing value for all stakeholders.

IV. CASH COLLATERAL MOTION

53. In addition to providing interested parties with a general background of the Debtor and the reasons for this Chapter 11 Case, I submit this Declaration in support of the *Emergency Motion of Debtor for Interim and Final Orders (I) Authorizing the Debtor to Use Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Parties; and (III) Granting Related Relief* (the "Cash Collateral Motion"), filed contemporaneously herewith.[1] In particular, I submit this Declaration as evidence that the proposed use of cash collateral will provide the Debtor with sufficient working capital and liquidity to operate during the Chapter 11 Case while adequately protecting the interests of CEI and other stakeholders.

54. Absent approval of the Cash Collateral Motion, the Debtor will not have sufficient liquidity to continue operating in the ordinary course and would be forced to shut down its operations, which would be value destructive and harmful to all interested parties. Obtaining

[1] Capitalized terms used but not defined in this Part IV shall have the meanings ascribed to them in the Cash Collateral Motion.

interim relief is critical to the continued operations of the Project and maintaining its going concern value, and immediate and irreparable harm will be caused to the Debtor and its estate if immediate permission to use cash collateral is not granted.

55. The Debtor and CEI have agreed upon an initial budget (the "Budget"), which sets forth, among other things, all expected material cash receipts and cash disbursements on a weekly basis over the 13-week period following the Petition Date, pursuant to which the Debtor will fund operations. My team and I worked with CAMS and other advisors, in consultation with CEI and its advisors, to formulate the Approved Budget, which includes reasonable and foreseeable expenses to be incurred, and the costs of administering the Chapter 11 Case, during the applicable period. The Debtor's use of cash collateral will be governed by the Budget (subject to permitted variances). Without the ability to access such cash collateral, the Debtor would be unable to fund its ongoing operations during the Chapter 11 Case without postpetition financing.

56. Any disruption in the use of cash collateral would cause a severe decrease in the value of the Debtor's estate by preventing the Debtor from making necessary disbursements and otherwise operating in the ordinary course, reducing the value of the Project.

57. For the foregoing reasons, I believe that granting the relief requested in the Cash Collateral Motion is appropriate and in the best interests of the Debtor's estate and creditors.

V. CHAPTER 11 FILING AND NEXT STEPS

A. Other First Day Motions

58. In addition to the Cash Collateral Motion, the Debtor has filed a number of First Day Motions seeking orders granting various forms of relief intended to stabilize the Debtor's business operations, facilitate the efficient administration of the Chapter 11 Case, and expedite a swift and smooth restructuring, including the following:

i. *Debtor's Emergency Motion for Interim and Final Orders (I) Authorizing Debtor to (A) Maintain its Cash Management System and (B) Honor Certain Prepetition Obligations Related Thereto, (II) Waiving Certain Operating Guidelines; (III) Suspending Time to Comply with Section 345(b) of the Bankruptcy Code; and (IV) Granting Related Relief*

ii. *Emergency Motion of Debtor for Order (I) Approving Debtor's Proposed Form of Adequate Assurance of Payment to Utility Companies, (II) Establishing Procedures for Resolving Objections by Utility Companies, (III) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Service, and (IV) Granting Related Relief*

iii. *Debtor's Emergency Motion for Interim and Final Orders (I) Authorizing Debtor to Pay (A) Critical Vendor Claims and (B) Lien Claims and (II) Granting Related Relief* (the "Critical Vendor Motion")

iv. *Debtor's Emergency Motion for Interim and Final Orders (I) Authorizing Debtor to (A) Continue Insurance Policies and (B) Pay All Obligations With Respect Thereto, and (II) Granting Related Relief*

v. *Debtor's Emergency Motion for Entry of an Order Extending Time to File Schedules and Granting Related Relief*

vi. *Debtor's Emergency Motion for an Order: (I) Approving Notice Procedures for Litigation Claimants; and (II) Approving Form and Notice of Commencement of This Case*

vii. *Debtor's Emergency Ex Parte Application for Entry of an Order Authorizing the Employment and Retention of Verita Global as Claims, Noticing, and Solicitation Agent*

59. I have reviewed and am familiar with the content of each of the First Day Motions and have consulted with the Debtor's advisors to ensure that I understand each First Day Motion and the relief requested therein. To the best of my knowledge and belief, the factual statements contained in each of the First Day Motions are true and accurate and each such factual statement is incorporated herein by reference.

60. Based on my knowledge, and after reasonable inquiry, I believe that the approval of the relief requested in the First Day Motions is: (a) necessary to enable the Debtor to transition into, and operate efficiently and successfully in, chapter 11 with minimal disruption or loss of productivity and value; and (b) critical to the Debtor's achieving a successful restructuring. I believe that, if the Court does not grant the relief requested by the Debtor in the First Day Motions, the Debtor's business and their estates will suffer immediate and irreparable harm. Accordingly, for the reasons set forth herein and in the First Day Motions, the Court should grant the relief requested in each of the First Day Motions.

B. Upcoming Events

61. As previously discussed herein, prior to the commencement of the Chapter 11 Case, the Debtor began marketing itself and its assets for sale. Accordingly, the Debtor will soon be filing a bid procedures motion, requesting Court approval of the marketing and sale timeline set forth therein, which I believe is necessary and appropriate to bring the Chapter 11 Case to a successful conclusion.

62. In the near term, however, the Debtor's immediate objective is to maintain business-as-usual during the early stage of the Chapter 11 Case, with as little disruption to the Debtor's operations as possible. I believe that, if the Court grants the relief requested in each of the First Day Motions, the prospect for achieving this objective and maximizing value for the benefit of all stakeholders will be substantially enhanced.

63. Moreover, if the relief requested in the First Day Motions is not granted, I believe the Debtor's business and its estate will suffer immediate and irreparable harm. Accordingly, for the reasons set forth herein and in the First Day Motions, the Court should grant the relief requested in each of the First Day Motions.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: January 26, 2026

/s/ John Shepherd
John Shepherd
Chief Restructuring Officer
Shannon Wind, LLC