Talen Energy Corp
Form 424B3
November 03, 2015
Table of Contents

Filed pursuant to Rule 424(b)(3)
Registration No. 333-207033

PROSPECTUS

44,974,658 Shares

TALEN ENERGY CORPORATION

Common Stock

This prospectus relates solely to the offer and sale from time to time of up to 44,974,658 shares of Talen Energy Corporation common stock, $0.001 par value per share, by the selling stockholders identified in this prospectus. See Selling Stockholders. The registration of the shares of common stock to which this prospectus relates does not require the selling stockholders to sell any of their shares of our common stock nor does it require us to issue any shares of common stock.

We will not receive any proceeds from the sale of the shares by the selling stockholders, but we have agreed to pay certain registration expenses, other than underwriting discounts and commissions. The selling stockholders from time to time may offer and sell the shares held by them directly or through underwriters, agents or broker-dealers on terms to be determined at the time of sale, as described in more detail in this prospectus. For more information, see Plan of Distribution.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol TLN. On November 2, 2015, the closing sales price of our common stock as reported on the NYSE was $8.95 per share.

Because all of the shares of our common stock offered under this prospectus are being offered by the selling stockholders, we cannot currently determine the price or prices at which our shares may be sold under this prospectus.

Investing in our common stock involves risks. Before making a decision to invest in our common stock, you should carefully consider the matters described under Risk Factors beginning on page 22 of this prospectus.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 3, 2015.

Table of Contents

TABLE OF CONTENTS

This prospectus is part of a shelf registration statement that we have filed with the SEC using a shelf registration process. Under this shelf registration process, the selling stockholders may, from time to time, offer and sell the shares described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the shares the selling stockholders may offer. Each time the selling stockholders sell our shares using this prospectus, to the extent necessary, we will provide a prospectus supplement that will contain specific information about the terms of that offering, including the number of shares being offered, the manner of distribution, the identity of any underwriters or other counterparties and other specific terms related to the offering. The prospectus supplement may also add, update or change information contained in this prospectus. To the extent that

Table of Contents

any statement made in an accompanying prospectus supplement is inconsistent with statements made in this prospectus, the statements made in this prospectus will be deemed modified or superseded by those made in the accompanying prospectus supplement. You should read both this prospectus and any prospectus supplement together.

Neither we nor the selling stockholders have authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we may have referred you. Neither we nor the selling stockholders take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the selling stockholders have authorized any other person to provide you with different or additional information, and neither of us are making an offer to sell the shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of the prospectus or any sale of the ordinary shares. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

For investors outside of the United States, neither we nor the selling stockholders have done anything that would permit the offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to the offering and the distribution of this prospectus outside of the United States.

Table of Contents

SUMMARY

The following summary highlights information contained elsewhere in this prospectus. It does not contain all of the information that you should consider before deciding to purchase shares of our common stock. You should read this entire prospectus including the risk factors, management s discussion and analysis of financial condition and results of operations, historical financial statements, and our unaudited pro forma condensed combined financial information and the respective notes to the financial statements and pro forma financial information, before making an investment decision to purchase shares of our common stock.

Unless otherwise indicated or the context otherwise requires, we, us, our, Talen Energy, Talen and the Company refers to Talen Energy Corporation and its subsidiaries. Capitalized terms not otherwise defined in this prospectus have the meanings assigned to them under Glossary included elsewhere in this prospectus.

Talen Energy

Talen Energy Corporation is a leading competitive energy and power generation company in North America. We produce and sell electricity, capacity and related products from our fleet of power plants totaling approximately 15,000 MW of generating capacity as of June 30, 2015. Through our subsidiaries, we own and operate a portfolio of generation assets principally located in PJM and ERCOT, which we consider to be two of the most attractive power markets in the United States. Within these markets, our portfolio benefits from technological and fuel diversity, enabling us to respond to changing market conditions and regulatory developments. We believe stockholder value creation is built on a foundation of excellence in operations and skillful commercial management of our generation fleet with a strong focus on cash returns. Our strategy is to embrace these core concepts and optimize our operations so as to support scale-enhancing growth and focus on robust cash flow generation.

Talen Energy was formed on June 1, 2015 by the spinoff of Talen Energy Supply, LLC (Talen Energy Supply, then known as PPL Energy Supply, LLC), the competitive power generation business owned by PPL Corporation, and the subsequent combination of that business with RJS Generation Holdings LLC (RJS Power), the competitive power generation business controlled by Riverstone Holdings LLC, to form an independent, publicly traded company (collectively, the Talen Transactions). For a more detailed description of the Talen Transactions, see The Talen Transactions.

Table of Contents

Organization Structure

The following chart illustrates our simplified organizational structure as of June 30, 2015.

Our Operations

Our generation fleet is diverse in terms of fuel, technology, dispatch characteristics and location. A majority of our generation revenue comes from our efficient low-cost baseload and intermediate generation facilities. We also expect to capture additional value by selling power during periods of peak demand from our quick-start peaking facilities. We seek to further enhance margins by selling capacity within the PJM markets, both in the three-year forward PJM base residual auction and through bilateral agreements with power purchasers, as well as by providing ancillary services to support transmission system reliability.

We believe our assets are strategically positioned in what we view as the two most attractive power markets in the United States, each of which is characterized by strong and improving fundamentals and a regulatory framework supportive of competitive generators. Our generation facilities are predominantly located in PJM, an RTO, and ERCOT, an ISO, which are regional organizations formed, in part, to provide reliable wholesale power marketplaces. PJM is the largest wholesale energy market in the United States and ERCOT is the oldest ISO in the country. PJM is characterized by improving fundamentals due to limited import capacity, significant anticipated capacity retirements, an improving demand outlook and a forward capacity market that provides future cash flow visibility for generation asset owners. Specific efforts are being undertaken by PJM to support and potentially increase capacity prices for existing generation to ensure the availability of adequate resources. ERCOT is an attractive wholesale electricity market with historically above-average demand growth, increasing price caps and an increasing reliance on flexible and quickly-dispatchable natural gas-fired assets. Additionally, the ERCOT sub region in which we operate, ERCOT-South, has historically experienced premium energy pricing relative to the average price for the broader ISO. We consider PJM and ERCOT to be two of the most well-developed power markets in the United States, providing significant price transparency, market liquidity and support to competitive generators, including recent proposed reforms that we believe will enhance the value of our portfolio.

The competitive dispatch costs and operating flexibility of our generation fleet position us favorably to generate attractive cash margins in a wide variety of market conditions. In an effort to support our operations and stabilize future cash flows, we enter into forward physical and financial transactions to hedge energy, capacity

Table of Contents

and related products and to hedge fuel and fuel transportation. We sell the output of our generation facilities to a diverse group of wholesale customers, including RTOs and ISOs, utilities, cooperatives, municipalities, power marketers, and financial counterparties. We also sell the output of our generation facilities to commercial, industrial and residential retail customers.

Our wholly owned indirect subsidiary, Talen Energy Supply, through its subsidiaries, Talen Generation, LLC (Talen Generation), Raven Power Generation Holdings LLC (Raven), Jade Power Generation Holdings LLC (Jade) and Sapphire Power Generation Holdings LLC (Sapphire), owns and operates generating facilities. Talen Energy Supply s wholly owned subsidiary, Talen Energy Marketing, LLC (Talen Energy Marketing), sells electricity produced by many of our facilities, participates in wholesale market load-following auctions, and markets various energy products and commodities such as: capacity, transmission, financial transmission rights, coal, natural gas, oil, uranium, emission allowances, renewable energy credits and other commodities in competitive wholesale and competitive retail markets, primarily in the northeastern and northwestern United States. Talen Energy Marketing also focuses on entering into energy and energy-related physical and financial contracts to hedge the variability of expected cash flows associated with our facilities and marketing activities, as well as for trading purposes.

Our Fleet

Asset	Location	Fuel Type	Ownership	Owned Capacity (MW) (1)	Commercial Operation Date	Region/ ISO
Ironwood (2)	PA	Natural Gas	100%	660	2001	PJM
Lower Mt. Bethel	PA	Natural Gas	100%	538	2004	PJM
York	PA	Natural Gas	100%	47	1989	PJM
Martins Creek 3 & 4	PA	Natural Gas / Oil	100%	1,700	1975 1977	PJM
Peakers	PA	Natural Gas / Oil	100%	354	1967 1973	PJM
Bayonne	NJ	Natural Gas / Oil	100%	164	1988	PJM
Camden	NJ	Natural Gas / Oil	100%	145	1993	PJM
Pedricktown (3)	NJ	Natural Gas / Oil	100%	118	1992	PJM
Newark Bay	NJ	Natural Gas / Oil	100%	123	1993	PJM
Elmwood Park	NJ	Natural Gas / Oil	100%	71	1989	PJM
Susquehanna	PA	Nuclear	90%	2,245	1983 1985	PJM
Montour	PA	Coal	100%	1,504	1972 1973	PJM
Brunner Island	PA	Coal	100%	1,411	1961 1969	PJM
Brandon Shores	MD	Coal	100%	1,284	1984 1991	PJM
C.P. Crane (4)	MD	Coal	100%	404	1961 1967	PJM
Conemaugh	PA	Coal	16%	278	1970 1971	PJM
Keystone	PA	Coal	12%	211	1967 1968	PJM
H.A. Wagner	MD	Coal / Natural Gas / Oil	100%	982	1956 1972	PJM
Eastern Hydro (5)	PA	Hydro	100%	293	1910 1926	PJM
Colstrip 1 & 2	MT	Coal	50%	307	1975 1976	WECC
Colstrip 3	MT	Coal	30%	222	1984	WECC
Dartmouth	MA	Natural Gas / Oil	100%	83	1996	ISO-NE
Nueces Bay 7	TX	Natural Gas	100%	648	2010	ERCOT
Barney Davis 2	TX	Natural Gas	100%	646	2010	ERCOT
Barney Davis 1	TX	Natural Gas	100%	318	1974	ERCOT

Laredo 4	TX	Natural Gas	100%	92	2008	ERCOT
Laredo 5	TX	Natural Gas	100%	89	2008	ERCOT
Renewables (6)	NH, NJ, PA, VT	Renewables	100%	25	Various	Various
		Total		**14,962**		

3

Table of Contents

(1) Summer Rating at June 30, 2015. The capacity of generation units is based on a number of factors, including the operating experience and physical conditions of the units, and may be revised periodically to reflect changed circumstances. Does not reflect the sale or other disposition of between 1,300 and 1,400 MW of generating capacity that is required to obtain regulatory approval for the Talen Transactions. See The Talen Transactions Mitigation Plans.

(2) We have agreed to sell our Ironwood plant. Subject to receipt of regulatory approvals and other customary closing conditions, we expect to close the sale of the Ironwood plant in the first quarter of 2016. See Recent Developments Ironwood Sale.

(3) Pedricktown capacity includes capacity dedicated to serving landlord load (which has historically averaged 9 MW).

(4) We have agreed to sell our C.P. Crane (Crane) plant. Subject to receipt of regulatory approvals and other customary closing conditions, we expect to close the sale of the Crane plant in the first quarter of 2016. See The Talen Transactions Crane Sale.

(5) Reflects Holtwood and Lake Wallenpaupack. We have agreed to sell our Holtwood and Lake Wallenpaupack facilities. Subject to receipt of regulatory approvals and other customary closing conditions, we expect to close the sale of the Holtwood and Lake Wallenpaupack facilities in the first quarter of 2016. See Recent Developments Holtwood and Lake Wallenpaupack Sale.

(6) We have agreed to sell our renewables plants representing approximately 19 MW of capacity as shown herein. Subject to customary closing conditions, we expect to close the sale of these plants by the end of 2015. See Management s Discussion and Analysis of Financial Condition and Results of Operations Overview Other Financial and Operational Developments Anticipated Disposition of Renewable Energy Business.

The following map illustrates the locations of our generation facilities as of June 30, 2015:

Table of Contents

The charts below illustrate the composition and diversity of our portfolio by market and fuel type as of June 30, 2015:

The map and charts above do not reflect (1) the sale or other disposition of between 1,300 and 1,400 MW of generation capacity that is required to satisfy regulatory approvals obtained in connection with the Talen Transactions (in which the announced sales of our Holtwood, Lake Wallenpaupack, Ironwood and Crane facilities would be included), (2) completion of our acquisition of MACH Gen, LLC or (3) the renewables plants we have agreed to sell. As a result, our generation portfolio will not include all of the plants that currently comprise our fleet. See The Talen Transactions Mitigation Plans, Recent Developments and Management s Discussion and Analysis of Financial Condition and Results of Operations Overview Other Financial and Operational Developments Anticipated Disposition of Renewable Energy Business.

Our Competitive Strengths

We believe that we are well-positioned to execute our business strategy and create superior value for our stakeholders based on the following competitive strengths:

Well-positioned in attractive, liquid and transparent energy markets. We believe that the composition and locations of our facilities give us a strategic advantage and offer attractive upside opportunities. The majority of our facilities are located in PJM and ERCOT, which are among the most liquid, well-developed power markets in the United States, each with attractive fundamentals. We believe these markets provide us with ample opportunity to execute our hedge strategy, which is designed to enhance price certainty and cash flow stability in future years.

We believe the PJM market presents attractive value opportunities, driven by a substantial number of announced power plant retirements and limited import capacity. Our PJM assets are highly diverse both in terms of fuel (coal, natural gas/oil dual fuel, uranium, natural gas, oil and hydro) and dispatch (baseload, intermediate/load following and peaking), which provides us with operational flexibility and enables our portfolio to provide reliable generation under a variety of market conditions. A key attribute of PJM is its base residual auction, a long-term capacity market in which power customers pay for capacity three years in advance. These known capacity revenues are expected to be an important component of our gross margins and effectively provide identifiable stable cash flows three years forward. Additionally, we expect that recently proposed market reforms may provide additional revenue opportunities for us in PJM in future capacity auctions. See Business Our Key Markets PJM for information on the recently proposed market reforms in PJM.

Table of Contents

We believe the ERCOT market also presents attractive value opportunities, driven by robust demand growth and limited import capacity, which we expect will result in a lower reserve margin. Our generation assets in ERCOT consist of flexible, natural gas-fired units that have the ability to start up quickly and respond to load variability, which positions them well to produce significant margin from ancillary products offered in this market in addition to physical energy sales. All of our ERCOT capacity is located in the ERCOT South Zone, which has historically experienced premium pricing due to favorable supply and demand fundamentals and strong demand driven by growth related to Eagle Ford shale development, the midstream energy sector and petrochemical industry expansion. The ERCOT regulatory framework has addressed resource adequacy concerns through rule changes that have increased generator compensation and pricing floors for ancillary products and increased the state-wide offer cap. ERCOT reserve margins are forecasted to continue to compress over time due to growing demand and limited announced new-build projects, further tightening the supply/demand balance across ERCOT and creating conditions that may generate increased price volatility and higher energy prices until additional resources are added.

Robust cash flow generation potential. We expect to be able to generate substantial free cash flow, which we define as cash from operations less maintenance capital expenditures. A number of factors are expected to contribute to our strong cash flow profile: our focus on lean operations, relatively low financial leverage, efficient baseload units with low dispatch costs, significant ancillary revenue potential of the Texas facilities, the potential for significant synergies resulting from successful execution of our transition plans, and a well-maintained fleet requiring modest maintenance and environmental expenditures. The stability of our cash flows is further supported by forward capacity sales in PJM through May 2018. We believe this cash flow potential provides a competitive advantage by making us more resilient during price fluctuations in the commodity cycles, less reliant on external sources of capital to finance operations and better situated to pursue both organic and acquisition-driven growth opportunities.

Strong balance sheet, poised for growth. We believe that our expected financial leverage provides multiple competitive advantages. First, our strong balance sheet and credit profile are expected to enhance our ability to pursue both organic and acquisition-driven growth by offering favorable access to capital markets and maximum financial flexibility. We also believe a strong balance sheet positions us well to manage through periods of commodity price volatility which may require collateral posting and credit support that could challenge a more levered competitive power company. We believe we will be able to use our strong balance sheet to grow through acquisitions, taking an opportunistic approach when others in the sector may face financial stresses during those periods. Finally, we expect our low level of financial leverage will allow us to absorb a greater degree of operating cash flow volatility, enabling our margin hedging program to have a shorter-term focus. We believe this reduces hedging transaction volume and expenses, liquidity needs and hedge book complexity, which we believe results in lower operating costs and greater financial transparency.

Competitive scale. As a leading competitive power generating company in North America, with approximately 15,000 MW of operating capacity as of June 30, 2015, we benefit from the multiple competitive advantages attendant to a large scale portfolio. We have a scale presence in our key markets, allowing us to operate integrated portfolios within each of PJM and ERCOT and offering us beneficial dispatch and operational synergies. These benefits include improved leverage of our fixed costs, enhanced procurement opportunities and diversity of cash flows. These advantages combined with a strong balance sheet and significant liquidity, enable us to operate with more financial flexibility and, as such, enable us to utilize our competitive scale to grow and further expand our already-robust generation platform.

Significant historical environmental control investments. We believe our assets are substantially compliant with current environmental regulations and are well-positioned relative to the current trend of tightening environmental legislation and regulations. Because of significant prior investments and the composition of our fleet, we expect that future environmental capital expenditures for known requirements will be a relatively modest $160 million dollars through 2019, representing less than 10% of total capital expenditures for the same period.

Table of Contents

Proven, experienced management team. Our management team has significant experience and expertise operating power generating facilities, marketing electricity and ancillary services and managing the risks of a competitive power generation business. Our management team has a strong track record of value creation through the execution of strategic initiatives, capital expenditures and exceptional asset management, which positions us optimally to enhance and expand the Talen Energy platform. We strongly believe that our proven leadership team will successfully execute our business strategy and deliver superior operating and financial performance.

Our Business Strategy

Our business strategy is to maximize value to our customers and stockholders with particular emphasis on:

Excellence in operations. We believe that value is built on a foundation of operational excellence. Safety is a core value of ours and is critical to maintaining a platform for strong, reliable plant performance. We inherit robust safety programs from our predecessor companies which have demonstrated dedication to sustaining safe cultures by achieving VPP Star status at a majority of our facilities.

We also believe value is a function of disciplined investment and continuous improvement in operating efficiency. We intend to make prudent investments to enable our plants to run at the most profitable times while ensuring safe, reliable operations. Additionally, we plan to continue our commitment to asset optimization and reducing operating costs. We believe that persistent focus on process improvement and innovative cost management is a key component to success.

Focus on cash returns. We run our business with a focus on producing strong cash flows in order to sustain our operations and fund growth opportunities. Capital allocation decisions are made on a cash return basis, as we believe this discipline is necessary to drive consistent long-term value creation for our stockholders. We believe that our proven management team, reliable, low-cost operating structure and strong commercial management of our plants enables us to invest in and grow the existing platform while enhancing overall cash flows and achieving attractive returns on investment.

Active hedging and commercial management. Hedging the fuel and output of our plants is primarily focused on providing margin and cash flow visibility on a one-year forward basis. We execute hedging and marketing strategies for the output of our facilities in both the wholesale and retail energy markets. We execute asset-based portfolio strategies to monetize inherent market volatility. We believe our hedging and commercial management strategy, in combination with a strong balance sheet, will provide a long-term advantage through cycles of higher and lower commodity prices. Finally, our lower level of financial leverage will allow us to absorb a greater degree of operating cash flow volatility, which will further allow our margin hedging program to have a shorter-term focus. We believe this will reduce hedging transaction volume and expenses, liquidity needs and hedge book complexity, which results in lower operating costs and greater financial flexibility.

Growth posture. We believe scale in the competitive power generation sector is an element of value creation. We expect to be able to leverage our management and operational systems to integrate additional assets and activities with relatively modest incremental cost. We intend to grow value through development and acquisitions that are complementary to our competitive strengths, with a focus on developed competitive markets that offer liquidity and price transparency. Additionally, as Talen Energy grows, our goal is to maintain a multi-fuel and multi-dispatch profile, as we believe this type of diversity is inherently valuable and provides an added measure of risk mitigation. We believe that our strong balance sheet and cash flow generation, combined with our current presence in attractive markets and our experienced, disciplined management team, positions Talen Energy favorably in its pursuit of value-enhancing growth opportunities.

7

Table of Contents

Our Key Markets

The substantial majority of our generation capacity is located in either PJM or ERCOT. We consider these regions to be among the most well-developed, transparent and liquid energy markets in the United States.

PJM

PJM is an RTO that coordinates the movement of wholesale electricity in all or parts of thirteen states and the District of Columbia. It is the largest competitive wholesale electricity market in the United States, dispatching more than 180,000 MW to more than 60 million people. The current mix of generating capacity within PJM is largely coal-dominated, with a significant number of nuclear and natural gas power plants rounding out the dispatch curve. As is the case in many markets in the United States, generating capacity within PJM is transitioning from a coal-dominated generation base to a mix that incorporates larger amounts of natural gas and renewable units, driven in large part by current and impending EPA regulations. The following map illustrates PJM by regions.

PJM benefits from a combination of stable demand growth, liquid trading hubs, limited energy import capacity and a wide range of available market products. Generation owners in PJM may earn energy, capacity and ancillary revenues. The PJM energy market consists of day-ahead and real-time markets. The day-ahead market is a forward market in which hourly prices are calculated for the next operating day based on offers, bids and bilateral obligations. The real-time market is a spot market in which energy is continuously bought and sold based on actual grid operating conditions.

The PJM capacity market, known as the Reliability Pricing Model (RPM), is intended to ensure that resources are available when needed to keep the power grid operating reliably for customers. Under the RPM,

Table of Contents

PJM conducts a series of auctions. Most capacity is procured in the base residual auctions each May for the sale of generating capacity three years in advance of the delivery year. In these auctions, prices are set based on available capacity and other factors such as transmission constraints. The capacity market construct provides generation owners the opportunity for some revenue visibility on a multi-year basis.

Recent developments have the potential to be supportive of future revenue opportunities for generation owners in PJM, including:

- PJM added an enhanced Capacity Performance product to the capacity market structure to permit additional compensation for generation owners/operators to make the necessary investments to maintain system reliability in exchange for stronger performance requirements. The intent of the Capacity Performance product is to improve operational availability during periods of peak power system demand, such as extreme weather. Specifically, PJM s stated objectives of this product include fuel security through dependable fuel sources, high availability of generation resources and operational diversity. As it was approved by the FERC, Capacity Performance is expected to benefit generation owners like Talen Energy that own assets supplied by firm fuel commitments and have demonstrated reliability during peak load and extreme weather conditions;

- PJM s recent changes to the Variable Resource Requirement (VRR) curve. The VRR curve is a downward-sloping demand curve used by PJM to model sufficient capacity resources for PJM and set capacity prices. The VRR curve supports PJM s objective of attracting and retaining adequate capacity resources to ensure grid reliability, providing an indication of incremental reliability and economic value of capacity at different planning reserve levels. PJM s recent changes include a shift in the VRR curve, which signifies an increase in demand and therefore price, offering potential upside to future capacity prices for PJM generators;

- Recent developments that increase uncertainty associated with demand response s ability to participate in future capacity auctions, offering potential upside to future capacity prices for PJM generators; and

- Potential rule changes affecting price formation including offer cap changes which may lead to higher energy market prices.

Table of Contents

ERCOT

ERCOT is an ISO that manages the flow of electricity from approximately 75,000 MW of installed capacity to 24 million Texas customers, representing 90% of the state s electric load and covering approximately 75% of its geography. ERCOT is an attractive wholesale electricity market with historically above-average demand growth, increasing price caps and an increasing reliance on flexible and quickly-dispatchable natural gas-fired assets. The Texas population and gross state product are currently expanding at well above the national average rate, spurred in part from significant growth in oil and gas development and associated petrochemical industry growth. ERCOT was established in September 1996 and is the oldest ISO in the United States. The following map illustrates ERCOT by regions.

As an energy-only market, ERCOT s market design is different from other competitive electricity markets in the United States. Other markets, including PJM, maintain a minimum reserve margin through regulated planning, resource adequacy requirements and/or capacity markets. In contrast, ERCOT s resource adequacy is predominately dependent on free market processes and energy market price signals. All electricity prices are subject to a system-wide offer cap, which was $5,000/MWh in 2013. This offer cap increased to $7,000/MWh in 2014 and to $9,000/MWh in June 2015, providing a higher maximum marginal price. The system-wide offer cap has been reached on a number of occasions since 2011.

Transactions in ERCOT take place in two key markets: the day-ahead market and the real-time market. The day-ahead market is a voluntary forward energy market conducted the day before each operating day in which generators and purchasers of power may bid for one or more hours of energy supply or consumption. The day-ahead market also allows ERCOT and generators and purchasers of power to buy and sell ancillary services. The real-time market is a spot market in which energy may be sold in five-minute intervals.

Table of Contents

Generation facilities in the region include efficient combined cycle natural gas-fired facilities, a large wind fleet and a mixture of environmentally compliant and older, non-compliant coal-fired assets. The combination of these assets has historically led to lower marginal cost of production during most periods, compared to other markets. However, the region has limited excess capacity to meet high demand days and the marginal facilities have high operating costs. Therefore, the marginal price of supply rapidly increases during periods of high demand. As a result, many generators benefit from these sporadic periods of scarcity pricing in which power prices increase significantly.

In addition to energy, ancillary services, such as non-spinning reserves, responsive reserves and regulation up/down, offer another potential revenue stream for market participants in order to maintain system reliability, which is impacted by the high concentration of wind capacity in ERCOT. These ancillary services provide network support from quick-start generation capacity that is able to reach full load operation in exceptionally short periods of time in order to help manage the impact of wind variability on the electricity grid. Such ancillary services have received increased compensation and exhibited higher offer floors in part because ERCOT has one of the highest concentrations of wind capacity in the United States, with over 12,000 MW of installed capacity.

Market Opportunity

The market for competitive power generation assets has been very robust over the past five years, and we expect a continuation of this trend, providing further opportunities to enhance our competitive scale. From 2010 to 2014, roughly 344 GW of competitive power generation capacity has been sold, with approximately 121 GW and 36 GW in PJM and ERCOT, respectively. The diverse nature of these transactions, encompassing both conventional (predominantly natural gas and coal) and renewable (predominantly wind and solar) generating facilities, aligns with our goal of maintaining a multi-fuel and multi-dispatch profile. The table below illustrates the volume of transactions in dollars and GWs from 2010 through 2014.

We believe that there will continue to be significant acquisition opportunities for competitive power generation assets in the United States, enabling us to grow our fleet and enhance shareholder value. Approximately 81 GW of operating capacity are owned by companies that operate both regulated utilities and competitive power generation assets, while approximately 40 GW are owned by private equity funds. Given the trend of separating competitive power generation assets from regulated utility assets, and the typically defined target holding period of private equity funds, we expected that a significant number of assets will come to market over the next several years.

Recent Developments

MACH Gen Acquisition

On July 18, 2015, Talen Energy Supply entered into an agreement (the MACH Gen Purchase Agreement) to acquire all of the equity interests of MACH Gen, LLC (MACH Gen), which indirectly owns the following electric generating facilities and certain related assets: (i) the 1,054 MW combined-cycle gas fired Harquahala generating facility, located in Tonopah, Arizona; (ii) the 1,138 MW combined-cycle gas fired Athens generating facility, located in Greene County, New York; and (iii) the 335 MW combined-cycle gas fired Millennium generating facility, located in Worcester County, Massachusetts.

The MACH Gen Purchase Agreement provides for the sale to Talen Energy Supply of 100% of the issued and outstanding membership interests of MACH Gen. The consideration payable by Talen Energy Supply in respect of the acquisition is $1.175 billion in cash, plus or minus the net working capital of MACH Gen and its subsidiaries on the closing date and minus the amount (if any) of indebtedness outstanding under MACH Gen s First Lien Credit and Guaranty Agreement on the closing date and certain transaction expenses. The cash purchase price is subject to adjustment based on the amounts by which the actual closing date net working capital, credit agreement indebtedness (if any) and transaction expenses vary from estimates. At the closing, $75 million of the purchase price will be paid into an escrow account for the purposes of paying any post-closing adjustments to the purchase price required to be paid by the sellers and satisfying the sellers post-closing indemnification obligations under the MACH Gen Purchase Agreement. The escrow will be reduced to $50 million after approximately three months. Talen Energy Supply and MACH Gen s current owners have each made customary representations, warranties and covenants in the MACH Gen Purchase Agreement, which also includes customary indemnification provisions.

Talen Energy Supply has obtained a debt financing commitment (the debt commitment) sufficient to fund the cash purchase price. The debt commitment will be used as a backstop in the event alternative financing is not available at or prior to the closing of the acquisition.

The transaction is subject to customary closing conditions and is expected to close in 2015.

Holtwood and Lake Wallenpaupack Sale

On October 7, 2015, Holtwood, LLC (Holtwood), a wholly owned, indirect subsidiary of Talen Energy Supply and Talen Energy, entered into an agreement (the Hydro Sale Agreement) to sell the Holtwood and Lake Wallenpaupack hydroelectric projects in Pennsylvania to BIF III Holtwood LLC (the Hydro Buyer), an entity controlled by Brookfield Renewable Energy Partners L.P., for a purchase price of $860 million, subject to customary purchase price adjustments. The two projects have a combined operating capacity of 292 megawatts. Holtwood and the Hydro Buyer have each made customary representations, warranties and covenants in the Hydro Sale Agreement, which also includes customary indemnification provisions. The transaction is expected to close in the first quarter of 2016, subject to customary closing conditions and the receipt of required regulatory approvals, including approval by the FERC under the Federal Power Act and termination of the waiting period under the provisions of the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (HSR Act). This transaction is part of a requirement to divest certain assets to comply with the December 2014 FERC Order. See The Transactions.

Table of Contents

Ironwood Sale

On October 7, 2015, Talen Generation, LLC (Talen Generation) entered into an agreement (the Ironwood Sale Agreement) to sell the Ironwood natural gas combined-cycle unit in Pennsylvania to TransCanada Facility USA, Inc. (the Ironwood Buyer), for a purchase price of $654 million, subject to customary purchase price adjustments. As of June 30, 2015, the Ironwood unit had a summer rating of 660 MW. Talen Generation and the Ironwood Buyer have each made customary representations, warranties and covenants in the Ironwood Sale Agreement, which also includes customary indemnification provisions. The transaction is expected to close in the first quarter of 2016, subject to customary closing conditions and the receipt of required regulatory approvals, including approval by the FERC under the Federal Power Act and termination of the waiting period under the provisions of the HSR Act. This transaction is part of a requirement to divest certain assets to comply with the December 2014 FERC Order. See The Transactions.

Crane Sale

On October 22, 2015, Raven Power Marketing LLC, a wholly owned indirect subsidiary of Talen Energy and Talen Energy Supply, entered into an agreement (the Crane Sale Agreement) to sell the coal-fired Crane plant in Maryland to an affiliate of Avenue Capital Group (the Crane Buyer). As of June 30, 2015, the Crane plant had a summer rating of 404 MW. Raven Power Marketing LLC and the Crane Buyer have each made customary representations, warranties and covenants in the Crane Sale Agreement, which also includes customary indemnification provisions. The transaction is expected to close in the first quarter of 2016, subject to customary closing conditions and the receipt of required regulatory approvals including approval by the FERC under the Federal Power Act. The transaction is not expected to have a significant impact on Talen Energy s financial condition and results of operations. This transaction is part of a requirement to divest certain assets to comply with the December 2014 FERC Order. See The Transactions.

Risk Factors

We face numerous risks related to, among other things, our business operations, our strategies, general economic conditions, competitive dynamics of the industry, our level of indebtedness, the legal and regulatory environment in which we operate. These risks are set forth in detail under the heading Risk Factors. If any of these risks should materialize, they could have a material adverse effect on our business, financial condition, results of operations or cash flows. We encourage you to review these risk factors carefully. Furthermore, this prospectus contains forward-looking statements that involve risks, uncertainties and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those under the headings Risk Factors and Cautionary Statement Regarding Forward-Looking Statements.

Market and Industry Data

Certain market, industry, regulatory, competitive position and other similar data included in this prospectus were obtained from our own research, from surveys, studies or reports conducted by third parties or from government, industry or general publications or websites (including surveys and forecasts). Some data is also based on good faith estimates by management, which are derived from their review of internal surveys or studies, as well as the independent sources described above. Statements regarding industry, regulatory, competitive position or other similar data presented in this prospectus involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings Cautionary Statement Regarding Forward-Looking Statements and Risk Factors.

Table of Contents

* * * * *

Talen Energy Corporation is a Delaware corporation. Our principal executive offices are located at 835 Hamilton Street, Suite 150, Allentown, Pennsylvania 18101, and our telephone number at that address is (888) 211-6011. Our website is www.talenenergy.com. Information on, and which can be accessed through, our website is not incorporated in this prospectus.

Table of Contents

OFFERING SUMMARY

Issuer	Talen Energy Corporation
Selling Stockholders	Raven Power Holdings LLC, C/R Energy Jade, LLC and Sapphire Power Holdings LLC
Common stock offered for resale by the selling stockholders	Up to 44,974,658 shares
Voting rights	One vote per share.
Use of proceeds	We will not receive any proceeds from the sale of our common stock by the selling stockholders pursuant to this prospectus. See Use of Proceeds and Selling Stockholders.
Dividend policy	We do not currently expect to declare or pay dividends on our common stock. Any payment of dividends will be at the discretion of our board of directors and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that our board of directors may deem relevant. See Dividend Policy.
Listing	Our common stock is listed on the New York Stock Exchange under the symbol TLN.
Risk factors	See Risk Factors and other information included in this prospectus for a discussion of factors you should consider before deciding to invest in our common stock.

Table of Contents

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth summary historical consolidated financial data of Talen Energy Supply as of December 31, 2013 and 2014 and for each of the years ended December 31, 2012, 2013 and 2014 and summary historical unaudited consolidated interim financial data of Talen Energy as of June 30, 2015 and for the six months ended June 30, 2014 and 2015. The summary historical consolidated financial data of Talen Energy Supply as of December 31, 2013 and 2014 and for each of the years ended December 31, 2012, 2013 and 2014 have been derived from, and should be read together with, the audited consolidated financial statements of Talen Energy Supply, Talen Energy s accounting predecessor, and the accompanying notes contained elsewhere in this prospectus. The summary historical unaudited consolidated interim financial data of Talen Energy as of June 30, 2015 and for the six months ended June 30, 2014 and 2015 have been derived from, and should be read together with, the unaudited condensed consolidated financial statements of Talen Energy and the accompanying notes contained elsewhere in this prospectus. The unaudited condensed consolidated financial statements have been prepared on a basis consistent with the annual audited consolidated financial statements of Talen Energy Supply. In the opinion of management, these unaudited financial data reflect all adjustments, consisting of only normal and recurring adjustments considered necessary for a fair presentation of the operating results for those interim periods.

The summary historical consolidated financial data presented below for the periods prior to June 1, 2015 reflect the results of Talen Energy Supply, and do not reflect the results of the RJS Power business acquired as part of the Talen Transactions. Therefore, the summary historical consolidated financial data presented below for the six months ended June 30, 2015 reflects one month of combined results. The summary historical consolidated financial data presented below include certain assets and liabilities relating to facilities that may be sold as part of the mitigation plan discussed elsewhere in this prospectus. See The Talen Transactions Mitigation Plans and Recent Developments. As a result, the summary historical consolidated financial data set forth below may not necessarily be indicative of Talen Energy s business in future periods or of the results of future operations.

The summary historical consolidated financial data should be read in conjunction with Risk Factors, Selected Historical Consolidated Financial Data, Unaudited Pro Forma Condensed Combined Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements of Talen Energy and Talen Energy Supply and the accompanying notes, all of which are included elsewhere in this prospectus.

	Year Ended December 31,			Six Months Ended June 30, (unaudited)	
	2012	2013	2014	2014	2015
Statement of Income Data:					
Operating revenues	$ 5,346	$ 4,514	$ 3,736	$ 52	$ 2,011
Operating income (loss)	804	(293)	397	(63)	212
Income (loss) from continuing operations after income taxes	428	(262)	187	(56)	121
Net income (loss)	474	(230)	410	(53)	122
Balance Sheet Data (at period end):					
Cash and cash equivalents		$ 239	$ 352		$ 352
Total assets		11,074	10,760		12,862
Total liabilities		6,276	6,853		8,036

Long-term debt, including current portion	2,525	2,218	4,059
Total equity	&n		