Clean Energy Fuels Corp.
Form 10-Q
May 10, 2018
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2018
Commission File Number: 001-33480
CLEAN ENERGY FUELS CORP.
(Exact name of registrant as specified in its charter)

Delaware	33-0968580
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

4675 MacArthur Court, Suite 800, Newport Beach, CA 92660
(Address of principal executive offices, including zip code)
(949) 437-1000
(Registrant's telephone number, including area code)
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232,405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o
Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes o No x
As of May 3, 2018, there were 152,534,387 shares of the registrant's common stock, par value $0.0001 per share, issued and outstanding.

Table of Contents

CLEAN ENERGY FUELS CORP. AND SUBSIDIARIES
INDEX
Table of Contents

PART I.—FINANCIAL INFORMATION	
Item 1.—Financial Statements (Unaudited)	3
Item 2.—Management's Discussion and Analysis of Financial Condition and Results of Operations	25
Item 3.—Quantitative and Qualitative Disclosures about Market Risk	35
Item 4.—Controls and Procedures	37
PART II.—OTHER INFORMATION	
Item 1.—Legal Proceedings	38
Item 1A.—Risk Factors	38
Item 2.—Unregistered Sales of Equity Securities and Use of Proceeds	49
Item 3.—Defaults upon Senior Securities	49
Item 4.—Mine Safety Disclosures	49
Item 5.—Other Information	49
Item 6.—Exhibits	51

Unless the context indicates otherwise, all references to "Clean Energy," the "Company," "we," "us," or "our" in this MD&A refer to Clean Energy Fuels Corp. together with its consolidated subsidiaries.

This report contains forward-looking statements. See the cautionary note regarding these statements in Part I, Item 2.-Management's Discussion and Analysis of Financial Condition and Results of Operations of this report.

We own registered or unregistered trademark or service mark rights to Redeem™, NGV Easy Bay™, Clean Energy™, Clean Energy Renewables™, and Clean Energy Cryogenics™. Although we do not use the "®" or "™" symbol in each instance in which one of our trademarks appears in this report, this should not be construed as any indication that we will not assert our rights thereto to the fullest extent under applicable law. Any other service marks, trademarks and trade names appearing in this report are the property of their respective owners.

Table of Contents

PART I.—FINANCIAL INFORMATION
Item 1.—Financial Statements (Unaudited)
Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share data, Unaudited)

	December 31, 2017	March 31, 2018
Assets		
Current assets:		
Cash, cash equivalents and restricted cash	$ 37,208	$ 47,096
Short-term investments	141,462	128,129
Accounts receivable, net of allowance for doubtful accounts of $1,276 and $1,353 as of December 31, 2017 and March 31, 2018, respectively	63,961	65,687
Other receivables	19,235	53,661
Inventory	35,238	37,792
Prepaid expenses and other current assets	7,793	9,425
Total current assets	304,897	341,790
Land, property and equipment, net	367,305	363,903
Notes receivable and other long-term assets, net	21,397	16,590
Investments in other entities	30,395	28,927
Goodwill	64,328	64,328
Intangible assets, net	3,590	3,217
Total assets	$ 791,912	$ 818,755
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of debt and capital lease obligations	$ 139,699	$ 140,735
Accounts payable	17,901	20,266
Accrued liabilities	42,268	45,390
Deferred revenue	3,432	9,671
Total current liabilities	203,300	216,062
Long-term portion of debt and capital lease obligations	120,388	125,491
Other long-term liabilities	18,566	16,381
Total liabilities	342,254	357,934
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.0001 par value. Authorized 1,000,000 shares; issued and outstanding no shares	—	—
Common stock, $0.0001 par value. Authorized 224,000,000 shares; issued and outstanding 151,650,969 shares and 152,514,550 shares at December 31, 2017 and March 31, 2018, respectively	15	15
Additional paid-in capital	1,111,432	1,113,440
Accumulated deficit	(683,570)	(672,641)
Accumulated other comprehensive loss	(887)	(912)
Total Clean Energy Fuels Corp. stockholders' equity	426,990	439,902
Noncontrolling interest in subsidiary	22,668	20,919
Total stockholders' equity	449,658	460,821
Total liabilities and stockholders' equity	$ 791,912	$ 818,755

See accompanying notes to condensed consolidated financial statements.

Table of Contents

Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Statements of Operations
(In thousands, except share and per share data, Unaudited)

	Three Months Ended March 31,	
	2017	2018
Revenue:		
Product revenue	$76,229	$ 92,251
Service revenue	13,262	10,152
Total revenue	89,491	102,403
Operating expenses:		
Cost of sales (exclusive of depreciation and amortization shown separately below):		
Product cost of sales	54,597	50,199
Service cost of sales	6,264	4,597
Selling, general and administrative	23,773	18,837
Depreciation and amortization	15,317	12,801
Total operating expenses	99,951	86,434
Operating income (loss)	(10,460)	15,969
Interest expense	(4,911)	(4,503)
Interest income	192	575
Other income (expense), net	(167)	(12)
Loss from equity method investments	(36)	(1,468)
Gain from extinguishment of debt	3,195	—
Gain from sale of certain assets of subsidiary	70,648	—
Income before income taxes	58,461	10,561
Income tax benefit (expense)	2,263	(88)
Net income	60,724	10,473
Loss attributable to noncontrolling interest	335	1,749
Net income attributable to Clean Energy Fuels Corp.	$61,059	$ 12,222
Income per share:		
Basic	$0.41	$ 0.08
Diluted	$0.40	$ 0.08
Weighted-average common shares outstanding:		
Basic	148,847,503	152,194,695
Diluted	152,972,153	156,643,092

See accompanying notes to condensed consolidated financial statements.

Table of Contents

Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In thousands, Unaudited)

	Clean Energy Fuels Corp.		Noncontrolling Interest		Total	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2017	2018	2017	2018	2017	2018
Net income (loss)	$ 61,059	$ 12,222	$ (335)	$ (1,749)	$60,724	$10,473
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments, net of $0 tax in 2017 and 2018	360	(78)	—	—	360	(78)
Foreign currency adjustments on intra-entity long-term investments, net of $0 tax in 2017 and 2018	579	—	—	—	579	—
Unrealized gains (losses) on available-for-sale securities, net of $0 tax in 2017 and 2018	(5)	53	—	—	(5)	53
Total other comprehensive income (loss)	934	(25)	—	—	934	(25)
Comprehensive income (loss)	$ 61,993	$ 12,197	$ (335)	$ (1,749)	$61,658	$10,448

See accompanying notes to condensed consolidated financial statements.

Table of Contents

Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands, Unaudited)

	Three Months Ended March 31, 2017	2018
Cash flows from operating activities:		
Net income	$60,724	$10,473
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,317	12,801
Provision for doubtful accounts, notes and inventory	409	227
Stock-based compensation expense	1,910	1,898
Amortization of debt issuance cost	240	198
Gain on extinguishment of debt	(3,195)	—
Gain from sale of certain assets of subsidiary	(70,648)	—
Loss from equity method investments	36	1,468
Changes in operating assets and liabilities:		
Accounts and other receivables	18,604	(36,796)
Inventory	162	(2,704)
Prepaid expenses and other assets	1,400	(1,525)
Accounts payable	(7,439)	3,970
Deferred revenue	175	3,914
Accrued expenses and other	(16,295)	3,727
Net cash provided by (used in) operating activities	1,400	(2,349)
Cash flows from investing activities:		
Purchases of short-term investments	(30,720)	(41,723)
Maturities and sales of short-term investments	53,517	55,181
Purchases and deposits on property and equipment	(7,579)	(7,131)
Loans made to customers	(784)	—
Payments on and proceeds from sales of loans receivable	319	84
Cash received from sale of certain assets of subsidiary, net of cash, cash equivalents and restricted cash transferred	23,592	871
Investments in other entities	(1,928)	—
Net cash provided by investing activities	36,417	7,282
Cash flows from financing activities:		
Issuances of common stock	10,767	—
Fees paid for issuances of common stock	(46)	—
Proceeds from debt instruments	6,291	6,261
Proceeds from revolving line of credit	—	—
Repayment of borrowing under revolving line of credit	(23,500)	—
Repayment of capital lease obligations and debt instruments	(27,250)	(1,234)
Net cash provided by (used in) financing activities	(33,738)	5,027
Effect of exchange rates on cash, cash equivalents and restricted cash	184	(72)
Net increase in cash, cash equivalents and restricted cash	4,263	9,888
Cash, cash equivalents and restricted cash, beginning of period	43,115	37,208
Cash, cash equivalents and restricted cash, end of period	$47,378	$47,096
Supplemental disclosure of cash flow information:		
Income taxes paid	$54	$24

Interest paid, net of approximately $35 and $33 capitalized, respectively	3,324	2,856

See accompanying notes to condensed consolidated financial statements.

Table of Contents

Clean Energy Fuels Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data, Unaudited)

Note 1—General

Nature of Business

Clean Energy Fuels Corp., together with its majority and wholly owned subsidiaries (hereinafter collectively referred to as the "Company," unless the context or the use of the term indicates or requires otherwise) is engaged in the business of selling natural gas as an alternative fuel for vehicle fleets and related natural gas fueling solutions to its customers, primarily in the United States and Canada.

The Company's principal business is supplying renewable natural gas ("RNG"), compressed natural gas (“CNG”) and liquefied natural gas (“LNG”) (RNG can be delivered in the form of CNG or LNG) for light, medium and heavy-duty vehicles and providing operation and maintenance ("O&M") services for vehicle fleet customer stations. As a comprehensive solution provider, the Company also designs, builds, operates and maintains fueling stations; sells and services natural gas fueling compressors and other equipment used in CNG stations and LNG stations; offers assessment, design and modification solutions to provide operators with code-compliant service and maintenance facilities for natural gas vehicle fleets; transports and sells CNG and LNG via “virtual” natural gas pipelines and interconnects; procures and sells RNG; sells tradable credits it generates by selling RNG and conventional natural gas as a vehicle fuel, including Renewable Identification Numbers ("RIN Credits" or "RINs") under the federal Renewable Fuel Standard Phase 2 and credits under the California and the Oregon Low Carbon Fuel Standards (collectively, "LCFS Credits"); helps its customers acquire and finance natural gas vehicles; and obtains federal, state and local credits, grants and incentives. In addition, for all periods presented before March 31, 2017, the Company produced RNG at its own production facilities, and for all periods presented before December 29, 2017, the Company manufactured, sold and serviced natural gas fueling compressors and other equipment used in CNG stations. See Notes 3 and 4 for more information.

Basis of Presentation

The accompanying interim unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries, and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company’s financial position, results of operations, comprehensive income (loss) and cash flows as of and for the three months ended March 31, 2017 and 2018. All intercompany accounts and transactions have been eliminated in consolidation. The three month periods ended March 31, 2017 and 2018 are not necessarily indicative of the results to be expected for the year ending December 31, 2018 or for any other interim period or for any future year.

Certain information and disclosures normally included in the notes to the condensed consolidated financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”), but the resultant disclosures contained herein are in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) as they apply to interim reporting. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2017 that are included in the Company’s Annual Report on Form 10-K filed with the SEC on March 13, 2018.

Reclassifications

During the three months ended March 31, 2018, the Company adopted Accounting Standards Update ("ASU") No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (see Note 18). The new standard requires restricted cash and restricted cash equivalents to be included as components of total cash and cash equivalents as presented on the condensed statement of cash flows. As a result, the Company chose to also conform this classification on the accompanying condensed balance sheets. This resulted in prior period restricted cash of $1,127 as of December 31, 2017 being reclassified into one line item with cash and cash equivalents to conform to presentation as of March 31, 2018. In addition, Deferred revenue of $175 for the three months ended March 31, 2017 was reclassified from Accrued expenses and other as a separate line item in the accompanying condensed consolidated statements of cash flows to conform to current period presentation. These reclassifications had no material impact on the Company's financial position, results of operations, or cash flows as previously reported.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying condensed consolidated financial statements and these notes. Actual results could differ from those estimates and may result in material effects on the Company's operating

Table of Contents

results and financial position. Significant estimates made in preparing the accompanying condensed consolidated financial statements include (but are not limited to) those related to revenue recognition, goodwill and long-lived asset impairment assessments, income tax valuations and fair value measurements.

Note 2—Revenue from Contracts with Customers

Adoption of New Accounting Standard

On January 1, 2018, the Company adopted Revenue from Contracts with Customers (Accounting Standards Codification Topic 606) ("Topic 606" or "new guidance") retrospectively for its contracts that were not completed as of January 1, 2018, with the cumulative effective of initially applying the guidance recognized at the date of initial application ("modified retrospective method"). Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with historic accounting under Revenue Recognition (Accounting Standards Codification 605) ("Topic 605" or "previous guidance"). This adoption did not have a material impact to our condensed consolidated financial statements.

The Company recorded an increase to opening accumulated deficit of $1,293 as of January 1, 2018 due to the cumulative impact of adopting Topic 606, with the impact primarily related to the Company's volume -related revenue. As a result of applying Topic 606, during the three months ended March 31, 2018, deferred revenue and other long -term liabilities increased by $498 and notes receivable and other long -term assets, net decreased by $963, each due to the existence of significant financing components in connection with a contract for the purchase, sale and transportation of CNG and a contract for station construction, fuel and O&M services, respectively. In addition, revenue and cost of sales decreased by $119 due to certain of the Company's royalty payments being accounted for as a reduction of the transaction price and associated revenue recognized under the new guidance.

Revenue Recognition Overview

The Company recognizes revenue when control of the promised goods or services is transferred to its customers, in an amount that reflects the consideration to which it expects to be entitled in exchange for the goods or services. The Company is generally the principal in its customer contracts as it has control over the goods and services prior to them being transferred to the customer, and as such, revenue is recognized on a gross basis.

The table below presents the Company's revenues disaggregated by revenue source. Sales and usage-based taxes are excluded from revenues. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

	Three Months Ended March 31,	
(in thousands)	2017	2018
Volume -Related	73,574	67,219
Compressor Sales	6,467	—
Station Construction Sales	9,263	5,798
Alternative fuels excise tax credit (“AFTC”)	—	25,481
Other	187	3,905
	$89,491	$102,403

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in Topic 606. The performance obligations that comprise a majority of the Company's total revenue consist of (1) construction of and sale of a station or modification/upgrade of an existing station, (2) providing O&M services for the station, and (3) sale of fuel to a customer. In certain contracts with customers, the Company agrees to provide multiple goods or services, which include various combinations of these three performance obligations. These contracts have multiple performance obligations because the promise to transfer each separate good or service is separately identifiable from other promises in the contracts and, therefore, each is distinct. This evaluation requires significant judgment and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue recognized in one or more periods. The Company allocates a contract's transaction price to each performance obligation using best estimates of the standalone selling price of each distinct good or service in the contract. The primary method used to estimate the standalone selling price for fuel and O&M services is observable standalone sales, and the primary method used to estimate the standalone selling price for station construction sales is the expected cost plus a margin approach, because the Company sells customized customer -specific solutions. Under this approach, the Company forecasts expected costs of satisfying a performance obligation and then adds an appropriate margin for the good or service.

Nature of Goods and Services

Volume -Related

The Company's volume -related revenue primarily consists of sales of CNG, LNG and RNG fuel, RINs and LCFS Credits and O&M services. Fuel and O&M services are sold pursuant to contractual commitments over defined goods -and -service delivery periods. These contracts typically include a stand -ready obligation to supply natural gas and/or provide O&M services daily based on a committed and agreed upon routine maintenance schedule or when and if called upon by the customer.

The Company recognizes revenue over time for fuel sales and O&M service sales because the customer receives and consumes the benefits provided by the Company's performance as the stand -ready obligations are being performed.

The Company seeks to sell RINs and LCFS Credits (the "government credits") to third parties who need the credits to comply with federal and state requirements. The government credits are considered variable consideration because they can either increase or decrease the transaction price based on volumes of vehicle fuel sold. Additionally, these government credits are constrained until there is an agreement in place to monetize the credits at a determinable price, at which time the constraint is removed and the government credits are included in the transaction price and revenue is recognized. RINs and LCFS Credits are included in volume -related revenues.

Payment terms and conditions vary by contract type. For substantially all the Company's of contracts under which it receives volume -related revenue, the timing of revenue recognition does not differ from the timing of invoicing; as a result the Company has determined these contracts generally do not include a significant financing component.

Compressor Sales

Because the Company completed the CEC Combination during the year ended December 31, 2017 and Topic 606 was adopted effective January 1, 2018, Topic 606 is not applicable to this source of revenue.

Station Construction Sales

Station construction contracts are generally short-term, except for certain larger and more complex stations, which can take up to 24 months to complete. For most of the Company's station construction contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single station. Hence, the entire contract is accounted for as one performance obligation. Also, as discussed under Performance Obligations above, certain of the Company's station construction contracts include other distinct goods or services, which requires the contract to be separated into more than one performance obligation.

The Company generally recognizes revenue over time as the Company performs under its station construction contracts because of the continuous transfer of control of the goods to the customer, who typically controls the work in process. Revenue is recognized based on the extent of progress towards completion of the performance obligation and is recorded proportionally as costs are incurred. Costs to fulfill the Company's obligations under these contracts typically include labor, materials and subcontractors' costs, other direct costs and an allocation of indirect costs.

Under the typical payment terms of the Company's station construction contracts, the customer makes either performance-based payments ("PBPs") or progress payments. PBPs are interim payments of the contract price based on quantifiable measures of performance or the achievement of specified events or milestones. Progress payments are interim payments of costs incurred as the work progresses. For some of these contracts, the Company may be entitled to receive an advance payment which is recognized as a liability because payment is in excess of revenue recognized and is presented as contract liabilities on the consolidated balance sheet. The advance payment typically is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a construction contract and to protect the Company if the counter -party fails to adequately complete some or all of its obligations under the contract. In addition, because the customer retains a small portion of the contract price until completion of the contract, these contracts can also result in revenue recognized in excess of billings which the Company presents as contract assets on its consolidated balance sheet. Amounts billed and due from customers are classified as receivables on the Company's consolidated balance sheet. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer.

Table of Contents

AFTC
See Volume -Related Revenue for a description on how the Company recognizes revenue on the government credits, which is similar for AFTC and see Note 17 for more information about AFTC generally.
Other
The majority of this other revenue is from sales of used natural gas heavy -duty trucks purchased by the Company. Revenue on these contracts is recognized at a point in time when the customer accepts delivery of the truck.
Significant Judgments and Management's Estimates Related to Revenue Recognition
Due to the nature of the work required to be performed under contracts that combine multiple performance obligations, the estimation of total revenue and cost at completion is subject to variables and requires significant judgment. As previously mentioned in Volume -Related above, the government credits are provisions that can either increase or decrease the transaction price based on the volume of vehicle fuel sold. The Company estimates variable consideration as the most likely amount to which it expects to be entitled. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Company's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are largely based on an assessment of the Company's anticipated performance and all other information (historical, current and forecasted) that is reasonably available.

The Company's contract modifications are primarily for goods or services that are not distinct from the existing contract and are typically renewals of fuel and O&M service sales or expansions in scope of an existing station construction. As a result, these modifications are accounted for as if they were part of the existing contract. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase or a reduction) on a cumulative catch-up basis for station construction contracts and prospectively for fuel and O&M service sale contracts.
With respect to the Company's station construction contracts, refinements of estimates to account for changing conditions and new developments are continuous and characteristic of the process. Many factors that can affect contract profitability may change during the performance period of the contract, including differing site conditions, the availability of skilled contract labor, the performance of major suppliers and subcontractors, and unexpected changes in material costs. Because a significant change in one or more of these estimates could affect the profitability of these contracts, the contract price and cost estimates are reviewed periodically as work progresses and adjustments proportionate to the cost-to-cost measure of progress are reflected in contract revenues in the reporting period when such estimates are revised as discussed above. Provisions for estimated losses on uncompleted contracts are made in the period in which the losses become known. During the three months ended March 31, 2018, there were no significant losses on open contracts, significant contract penalties, settlements or changes in contract estimates.
Remaining Performance Obligations

Remaining performance obligations represents the transaction price of customer orders for which work has not been performed. As of March 31, 2018, the aggregate amount of the transaction price allocated to remaining performance obligations was $11,562, which related to the Company's station construction sale contracts. The Company expects to recognize revenue on the remaining performance obligations under these contracts over the next 12 to 24 months.

The Company has elected to apply an optional exemption under Topic 606 for its volume -related revenue, which waives the requirement to disclose the remaining performance obligation for revenue recognized from the satisfaction of the performance obligation through the "right to invoice" practical expedient. The nature of the performance obligations are the stand ready obligations to supply natural gas and/or provide O&M services daily. These performance obligations are variable consideration and constrained because the Company bills dependent upon the amount gasoline gallon equivalents of natural gas dispensed and current pricing conditions. The transaction price to allocate to the performance obligations is known and the constraint is removed upon monthly billing to the customer.

Costs to Fulfill a Contract

The Company capitalizes costs incurred to fulfill its contracts that (1) relate directly to the contract, (2) are expected to generate resources that will be used to satisfy the Company's performance obligations under the contract, and (3) are expected to be recovered through revenue generated under the contract. Contract fulfillment costs are recorded to depreciation expense as the Company satisfies its performance obligations over the term of the contract. These costs primarily relate to set-up and other direct

Table of Contents

installation costs incurred by our subsidiary, NG Advantage, LLC ("NG Advantage") for equipment that must be installed on customer land before NG Advantage is able to deliver CNG to the customer, because the customer does not have direct access to the natural gas pipelines. These costs are classified in land, property, and equipment, net in the accompanying condensed consolidated balance sheets. As of March 31, 2018, these costs incurred to fulfill contracts were $7,123 with accumulated depreciation of $3,888 and related amortization of $511 for the three months ended March 31, 2018.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) in the accompanying condensed consolidated balance sheets. Changes in the contract asset and liability balances during the three months ended March 31, 2018, were not materially impacted by any other factors outside of normal course of business.

Receivables, Net

Receivables, net, include amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of customer creditworthiness, historical payment experience, and the age of outstanding receivables. Receivables, net were $63,961 and $65,687 as of December 31, 2017 and March 31, 2018, respectively.

Contract Assets

Contract assets include unbilled amounts typically resulting from the Company's station construction sale contracts, when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Contract assets of $1,356 and $1,249 are classified as current and included in prepaid expenses and other current assets in the accompanying condensed consolidated balance sheets as of December 31, 2017 and March 31, 2018, respectively.

Contract Liabilities

Contract liabilities consist of billings in excess of revenue recognized from the Company's station construction sale contracts and deferred revenue when cash payments are received or due in advance of the Company's performance obligation which are generally for the Company's volume -related revenue contracts. Billings in excess of revenue recognized of $1,092 and $4,110 are classified as current and are included in deferred revenue in the accompanying condensed consolidated balance sheets as of December 31, 2017 and March 31, 2018, respectively. Deferred revenue is classified as current or noncurrent based on when the revenue is expected to be recognized. The current portion of deferred revenue was $3,432 and $9,671 as of December 31, 2017 and March 31, 2018, respectively, and the noncurrent portion of deferred revenue of $13,413 and $11,412 is included in other long -term liabilities in the accompanying condensed consolidated balance sheets as of December 31, 2017 and March 31, 2018, respectively. Revenue recognized during the three months ended March 31, 2018 related to the Company's contract liability balances as of December 31, 2017 was $1,842.

Table of Contents

Note 3—Divestitures

On February 27, 2017, Clean Energy Renewable Fuels ("Renewables"), a subsidiary of the Company, entered into an asset purchase agreement (the “APA”) with BP Products North America, Inc. (“BP”), pursuant to which Renewables agreed to sell to BP certain assets relating to its RNG production business (the “BP Transaction”), consisting of Renewables’ two RNG production facilities, Renewables’ interest in joint ventures formed with a third party to develop new RNG production facilities, and Renewables’ third-party RNG supply contracts (the “Assets”). The BP Transaction was completed on March 31, 2017 for a sale price of $155,511, plus BP assumed the obligations under the Canton Bonds (as defined in Note 12), which totaled $8,820 as of March 31, 2017.

On March 31, 2017, BP paid Renewables $30,000 in cash and delivered to Renewables a promissory note with a principal amount of $123,487, which was paid in full on April 3, 2017. In addition, as a result of the determination of certain post-closing adjustments, (i) BP paid Renewables an additional $2,010 on June 22, 2017, and (ii) the gain recorded from the BP Transaction was reduced by $762 subsequent to March 31, 2017. Pursuant to the APA, the valuation date of the BP Transaction was January 1, 2017, and as a result, the APA included certain adjustments to the purchase price to reflect a determination of the amount of cash accumulated by Renewables from the valuation date to the closing date, net of permitted cash outflows. Control of the Assets was not transferred until the BP Transaction was completed on March 31, 2017. Accordingly, the full operating results of Renewables are included in the accompanying condensed consolidated statement of operations for the three months ended March 31, 2017.

In addition, under the APA, BP is required, following the closing of the BP Transaction, to pay Renewables up to an additional $25,000 in cash over a five-year period if certain performance criteria relating to the Assets are met. The Company satisfied the performance criteria for the first such period, which ended on December 31, 2017, and as a result, the Company recognized $772, net as of December 31, 2017, which is included in the total gain on the BP Transaction.

The Company incurred $3,695 in transaction fees in connection with the BP Transaction, and subsequent to March 31, 2017 through March 31, 2018, the Company has paid $8,605 in cash and issued 770,269 shares of the Company's common stock, collectively valued at $1,964, to former holders of options to purchase membership units in Renewables (the "Option Holders"). The net proceeds as of March 31, 2018 from the BP Transaction, net of $1,007 cash transferred to BP, were $143,061.

Following completion of the BP Transaction, Renewables and the Company are continuing to procure RNG from BP under a long-term supply contract and from other RNG suppliers, and resell such RNG through the Company's natural gas fueling infrastructure as Redeem, the Company's RNG vehicle fuel. The Company also collects royalties from BP on gas purchased from BP and sold as Redeem at the Company's stations, which royalty is in addition to any payment obligation of BP under the APA.

The BP Transaction resulted in a total gain of $70,648 as of December 31, 2017. Included in the amount of total gain is goodwill of $26,576 that was allocated to the disposed assets based on the relative fair values of the assets disposed and the portion of the reporting unit that was retained.

The Company determined that the BP Transaction did not meet the definition of a discontinued operation because the disposal did not represent a significant disposal nor was the disposal a strategic shift in the Company's strategy.

Note 4— Investments in Other Entities and Noncontrolling Interest in a Subsidiary

SAFE&CEC S.r.l.

On November 26, 2017, the Company, through its former subsidiary, Clean Energy Compression Corp. ("CEC"), entered into an investment agreement with Landi Renzo S.p.A. (“LR”), an alternative fuels company based in Italy, pursuant to which the Company and LR agreed to combine their respective natural gas compressor subsidiaries, CEC and SAFE S.p.A, in a new company known as “SAFE&CEC S.r.l.” (such combination transaction, the “CEC Combination”). SAFE&CEC S.r.l. is focused on manufacturing, selling and servicing natural gas fueling compressors and related equipment for the global natural gas fueling market. Upon the closing of the CEC Combination, which

occurred on December 29, 2017, the Company owns 49% of SAFE&CEC S.r.l. and LR owns 51% of SAFE&CEC S.r.l.
The Company accounts for its interest in SAFE&CEC S.r.l. using the equity method of accounting because the Company does not control but has the ability to exercise significant influence over SAFE&CEC S.r.l.'s operations. The Company recorded a loss from this investment of $1,441 for the three months ended March 31, 2018. The Company has an investment balance in SAFE&CEC S.r.l. of $27,883 and $26,442 as of December 31, 2017 and March 31, 2018, respectively.
The Company determined that the CEC Combination did not meet the definition of a discontinued operation because the disposal did not represent a strategic shift that will have a major effect on the Company's operations and financial results.

Table of Contents

MCEP

On September 16, 2014, the Company formed a joint venture with Mansfield Ventures LLC ("Mansfield Ventures") called Mansfield Clean Energy Partners LLC ("MCEP"), which is designed to provide natural gas fueling solutions to bulk fuel haulers in the United States. The Company and Mansfield Ventures each have a 50% ownership interest in MCEP. The Company accounts for its interest in MCEP using the equity method of accounting, because the Company does not control but has the ability to exercise significant influence over MCEP's operations. The Company recorded a loss from this investment of $36 and $27 for the three months ended March 31, 2017 and 2018, respectively. The Company has an investment balance in MCEP of $1,512 and $1,485 as of December 31, 2017 and March 31, 2018, respectively.

NG Advantage

On October 14, 2014, the Company entered into a Common Unit Purchase Agreement ("UPA") with NG Advantage for a 53.3% controlling interest in NG Advantage. NG Advantage is engaged in the business of transporting CNG in high-capacity trailers to industrial and institutional energy users, such as hospitals, food processors, manufacturers and paper mills that do not have direct access to natural gas pipelines. The Company viewed the acquisition as a strategic investment in the expansion of the Company's initiative to deliver natural gas to industrial and institutional energy users. The results of NG Advantage's operations have been included in the Company's consolidated financial statements since October 14, 2014.

On July 14, 2017, the Company contributed to NG Advantage all of its right, title and interest in and to a CNG fueling station located in Milton, Vermont. The Company had purchased this CNG station from NG Advantage in October 2014 in connection with the UPA, and at that time, the Company entered into a lease agreement with NG Advantage to lease the station back to NG Advantage. This lease agreement was terminated contemporaneously with the contribution of the station to NG Advantage in July 2017. As consideration for the contribution, NG Advantage issued to the Company Series A Preferred Units with an aggregate value of $7,500. The Series A Preferred Units provide for an accrued return in the event of a liquidation event with respect to NG Advantage and will convert into common units of NG Advantage if and when it completes a future equity financing that satisfies certain specified conditions; however, the Series A Preferred Units do not, in themselves, increase the Company's controlling interest in NG Advantage. As a result, immediately following the contribution, the Company's controlling interest in NG Advantage remained at 53.3%.

On February 28, 2018, the Company entered into a guaranty agreement with NG Advantage and one of its customers for the purchase, sale and transportation of CNG. The Company guarantees NG Advantage's payment obligations in the event of default up to $30,000 plus related fees. This guaranty is in effect until thirty days following the Company's notice to NG Advantage's customer of its termination. As consideration for the guaranty agreement, NG Advantage issued to the Company 19,660 common units, which increased the Company's controlling interest in NG Advantage from 53.3% to 53.5%.

Net income included a loss from the noncontrolling interest in NG Advantage of $335 and $1,749 for the three months ended March 31, 2017 and 2018, respectively. The noncontrolling interest was $22,668 and $20,919 as of December 31, 2017 and March 31, 2018, respectively.

Note 5—Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments with maturities of three months or less on the date of acquisition to be cash equivalents. The Company places its cash and cash equivalents with high credit quality financial institutions.

At times, such investments may be in excess of the Federal Deposit Insurance Corporation ("FDIC") and Canadian Deposit Insurance Corporation ("CDIC"). Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. The amounts in excess of FDIC and other foreign insurance limits were approximately $34,709 and $43,793 as of December 31, 2017 and March 31, 2018, respectively.

The Company classifies restricted cash as short-term and a current asset if the cash is expected to be used in operations within a year or to acquire a current asset. Otherwise, the restricted cash is classified as long-term.

Short-term restricted cash as of December 31, 2017 and March 31, 2018 consisted of standby letters of credit renewed annually in an aggregate amount of $1,127, and an additional $750 held in escrow as of March 31, 2018. As of December 31, 2017 and March 31, 2018, the Company had no long-term restricted cash.

Note 6—Investments

Available-for-sale securities are carried at fair value, inclusive of unrealized gains and losses. During the three months ended March 31, 2018, the Company adopted ASU No. 2016-01, Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities (see Note 18 for more information). Upon adoption, unrealized gains and losses are included in

Table of Contents

other income (expense), net for equity securities. Unrealized gains and losses for debt securities continue to be recognized in other comprehensive income (loss) net of applicable income taxes. Gains or losses on sales of available-for-sale securities are recognized on the specific identification basis. All of the Company's short-term investments are classified as available-for-sale securities.

Short-term investments as of December 31, 2017 consisted of the following:

	Amortized Cost	Gross Unrealized Losses	Estimated Fair Value
Municipal bonds and notes	$ 21,414	$ (49)	$ 21,365
Zero coupon bonds	54,159	(33)	54,126
Corporate bonds	55,109	(40)	55,069
Certificate of deposits	10,902	—	10,902
Total short-term investments	$ 141,584	$ (122)	$ 141,462

Short-term investments as of March 31, 2018 consisted of the following:

	Amortized Cost	Gross Unrealized Losses	Estimated Fair Value
Municipal bonds and notes	$ 21,481	$ (116)	$ 21,365
Zero coupon bonds	52,153	(34)	52,119
Corporate bonds	43,737	(37)	43,700
Certificate of deposits	10,945	—	10,945
Total short-term investments	$ 128,316	$ (187)	$ 128,129

Note 7—Fair Value Measurements

The Company follows the authoritative guidance for fair value measurements with respect to assets and liabilities that are measured at fair value on a recurring basis and non-recurring basis. Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy consists of the following three levels: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As of March 31, 2018, the Company's financial instruments consisted of available-for-sale securities, liability-classified warrants, and debt instruments. The Company’s available-for-sale securities are classified within Level 2 because they are valued using the most recent quoted prices for identical assets in markets that are not active and quoted prices for similar assets in active markets. The liability-classified warrants are classified within Level 3 because the Company uses the Black-Scholes option pricing model to estimate the fair value based on inputs that are not observable in any market. The fair values of the Company's debt instruments approximated their carrying values as of December 31, 2017 and March 31, 2018. See Note 12 for more information about the Company's debt instruments. There were no transfers of assets between Level 1, Level 2, or Level 3 of the fair value hierarchy as of December 31, 2017 and March 31, 2018, respectively.

The following tables provide information by level for assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2017 and March 31, 2018, respectively:

Table of Contents

Description	Balance at December 31, 2017	Level 1	Level 2	Level 3
Assets:				
Available-for-sale securities(1):				
Municipal bonds and notes	$ 21,365	$ —	$ 21,365	$ —
Zero coupon bonds	54,126	—	54,126	—
Corporate bonds	55,069	—	55,069	—
Certificate of deposits	10,902	—	10,902	—
Liabilities:				
Warrants(2)	536	—	—	536

Description	Balance at March 31, 2018	Level 1	Level 2	Level 3
Assets:				
Available-for-sale securities(1):				
Municipal bonds and notes	$ 21,365	$ —	$ 21,365	$ —
Zero coupon bonds	52,119	—	52,119	—
Corporate bonds	43,700	—	43,700	—
Certificate of deposits	10,945	—	10,945	—
Liabilities:				
Warrants(2)	515	—	—	515

(1) Included in short-term investments in the accompanying condensed consolidated balance sheets. See Note 6 for more information.
(2) Included in accrued liabilities and other long-term liabilities in the accompanying condensed consolidated balance sheets.

Note 8—Other Receivables

Other receivables as of December 31, 2017 and March 31, 2018 consisted of the following:

	December 31, 2017	March 31, 2018
Loans to customers to finance vehicle purchases	$ 4,746	$ 5,163
Accrued customer billings	10,072	6,465
Fuel tax credits	177	36,935
Other	4,240	5,098
Total other receivables	$ 19,235	$ 53,661

Note 9—Inventory

Inventory consists of raw materials and spare parts, work in process and finished goods and is stated at the lower of cost (first-in, first-out) or net realizable value. The Company writes down the carrying value of its inventory to net realizable value for estimated obsolescence or unmarketable inventory in an amount equal to the difference between the cost of inventory and its estimated realizable value based upon assumptions about future demand and market conditions, among other factors.

Inventories as of December 31, 2017 and March 31, 2018 consisted of the following:

	December 31, 2017	March 31, 2018
Raw materials and spare parts	$ 35,145	$ 37,702
Finished goods	93	90

Total inventories	$ 35,238	$ 37,792

Table of Contents

Note 10—Land, Property and Equipment

Land, property and equipment as of December 31, 2017 and March 31, 2018 consisted of the following:

	December 31, 2017	March 31, 2018
Land	$ 2,858	$2,858
LNG liquefaction plants	94,634	94,634
Station equipment	304,090	306,666
Trailers	70,906	71,565
Other equipment	88,313	93,555
Construction in progress	74,905	74,748
	635,706	644,026
Less: accumulated depreciation	(268,401)	(280,123)
Total land, property and equipment, net	$ 367,305	$363,903

Included in land, property and equipment are capitalized software costs of $26,003 and $27,379 as of December 31, 2017 and March 31, 2018, respectively. The accumulated amortization of the capitalized software costs is $18,737 and $19,455 as of December 31, 2017 and March 31, 2018, respectively.

The Company recorded amortization expense related to the capitalized software costs of $872 and $718 during the three months ended March 31, 2017 and 2018, respectively.

As of March 31, 2017 and 2018, $2,884 and $939, respectively, are included in accounts payable and accrued liabilities balances, which amounts are related to purchases of property and equipment. These amounts are excluded from the condensed consolidated statements of cash flows as they are non-cash investing activities.

Note 11—Accrued Liabilities

Accrued liabilities as of December 31, 2017 and March 31, 2018 consisted of the following:

	December 31, 2017	March 31, 2018
Accrued alternative fuels incentives (1)	$ 2,954	$ 14,812
Accrued employee benefits	2,378	2,983
Accrued interest	1,486	35
Accrued gas and equipment purchases	8,722	7,630
Accrued property and other taxes	4,582	5,641
Salaries and wages	8,363	2,787
Other (2)	13,783	11,502
Total accrued liabilities	$ 42,268	$ 45,390

(1) Includes the amount of RINs and LCFS Credits and, as of March 31, 2018, the amount of AFTC payable to third parties. The AFTC had expired as of December 31, 2017, but was reinstated in February 2018 for vehicle fuel sales made from January 1, 2017 through December 31, 2017. See Note 17 for more information about AFTC.

(2) The amount as of December 31, 2017 and March 31, 2018 includes lease termination fees and asset retirement obligations related to the closure of certain fueling stations and working capital adjustments, in the third and fourth quarters of 2017, funding for certain commitments, and transaction fees incurred as a result of the CEC Combination (see Note 4 for more information).

Note 12—Debt

Debt and capital lease obligations as of December 31, 2017 and March 31, 2018 consisted of the following and are further discussed below:

Table of Contents

	December 31, 2017		
	Principal Balances	Unamortized Debt Financing Costs	Balance, Net of Financing Costs
7.5% Notes	$125,000	$ 131	$124,869
5.25% Notes	110,450	454	109,996
Capital lease obligations	802	—	802
NG Advantage debt	23,437	259	23,178
Other debt	1,242	—	1,242
Total debt and capital lease obligations	260,931	844	260,087
Less amounts due within one year	(140,223)	(524)	(139,699)
Total long-term debt and capital lease obligations	$120,708	$ 320	$120,388

	March 31, 2018		
	Principal Balances	Unamortized Debt Financing Costs	Balance Net of Financing Costs
7.5% Notes	$125,000	$ 108	$124,892
5.25% Notes	110,450	301	110,149
Capital lease obligations	882	—	882
NG Advantage debt	29,437	322	29,115
Other debt	1,188	—	1,188
Total debt and capital lease obligations	266,957	731	266,226
Less amounts due within one year	(141,106)	(371)	(140,735)
Total long-term debt and capital lease obligations	$125,851	$ 360	$125,491

7.5% Notes

On July 11, 2011, the Company entered into a loan agreement (the “CHK Agreement”) with Chesapeake NG Ventures Corporation (“Chesapeake”), an indirect wholly owned subsidiary of Chesapeake Energy Corporation, whereby Chesapeake agreed to purchase from the Company up to $150,000 of debt securities pursuant to the issuance of three convertible promissory notes over a three-year period, each having a principal amount of $50,000 (each a “CHK Note” and collectively the “CHK Notes” and, together with the CHK Agreement and other transaction documents, the “CHK Loan Documents”). The first CHK Note was issued on July 11, 2011 and the second CHK Note was issued on July 10, 2012.

On June 14, 2013 (the “Transfer Date”), our co-founder and board member T. Boone Pickens and Green Energy Investment Holdings, LLC ("GEIH"), an affiliate of Leonard Green & Partners, L.P. (collectively, the “Buyers”), and Chesapeake entered into a note purchase agreement (“Note Purchase Agreement”) pursuant to which Chesapeake sold the outstanding CHK Notes (the “Sale”) to the Buyers. Chesapeake assigned to the Buyers all of its right, title and interest under the CHK Loan Documents (the “Assignment”), and each Buyer severally assumed all of the obligations of Chesapeake under the CHK Loan Documents arising after the Sale and the Assignment including, without limitation, the obligation to advance an additional $50,000 to the Company in June 2013 (the “Assumption”). The Company also entered into the Note Purchase Agreement for the purpose of consenting to the Sale, the Assignment and the Assumption.

Contemporaneously with the execution of the Note Purchase Agreement, the Company entered into a loan agreement with each Buyer (collectively, the “Amended Agreements”). The Amended Agreements have the same terms as the CHK Agreement, other than changes to reflect the new holders of the CHK Notes. Immediately following execution of the Amended Agreements, the Buyers delivered $50,000 to the Company in satisfaction of the funding requirement they had assumed from Chesapeake (the “2013 Advance”). In addition, the Company canceled the existing CHK Notes and issued replacement notes, and the Company also issued notes to the Buyers in exchange for the 2013 Advance (the replacement notes and the notes issued in exchange for the 2013 Advance are referred to herein as the “7.5% Notes”).

The 7.5% Notes have the same terms as the original CHK Notes, other than changes to reflect their different holders. They bear interest at the rate of 7.5% per annum and are convertible at the option of the holder into shares of the Company’s common stock at a conversion price of $15.80 per share (the “7.5% Notes Conversion Price”). Upon written notice to the Company, each holder of a 7.5% Note has the right to exchange all or any portion of the principal and accrued and unpaid interest under its 7.5% Notes for shares of the Company's common stock at the 7.5% Notes Conversion Price. Additionally, subject to certain restrictions, the Company can force conversion of each 7.5% Note into shares of its common stock if, following the second anniversary of the issuance of a 7.5% Note, such shares trade at a 40% premium to the 7.5% Notes Conversion Price for at least 20 trading days in any consecutive 30 trading day period. The entire principal balance of each 7.5% Note is due and payable seven years following its issuance and the Company may repay each 7.5% Note at maturity in shares of its common stock (provided that the Company may not issue more than 13,993,630 shares of its common stock to holders of 7.5% Notes) or cash. All of the shares issuable upon conversion of the 7.5% Notes have been registered for resale by their holders pursuant to a registration statement that has been filed with and declared effective by the SEC.

The Amended Agreements provide for customary events of default which, if any of them occurs, would permit or require the principal of, and accrued interest on, the 7.5% Notes to become, or to be declared, due and payable. No events of default under the 7.5% Notes had occurred as of March 31, 2018.

On August 27, 2013, GEIH transferred $5,000 in principal amount of its 7.5% Notes to certain third parties.

On February 9, 2017, the Company purchased from Mr. Pickens, his 7.5% Note due July 2018 having an outstanding principal amount of $25,000 for a cash purchase price of $21,750. The Company's repurchase of this 7.5% Note resulted in a gain of $3,191 for the three months ended March 31, 2017.

On February 21, 2017, GEIH transferred $11,800 in principal amount of its 7.5% Notes to certain third parties.

On November 17, 2017, Mr. Pickens transferred all remaining $40,000 in principal amount of his 7.5% Notes to third parties.

As a result of the foregoing transactions, as of March 31, 2018, (i) GEIH held 7.5% Notes in an aggregate principal amount of $68,200, and (ii) other third parties held 7.5% Notes in an aggregate principal amount of $56,800.

5.25% Notes

In September 2013, the Company completed a private offering of $250,000 in principal amount of 5.25% Convertible Senior Notes due 2018 (the "5.25% Notes") and entered into an indenture governing the 5.25% Notes (the "Indenture"). The net proceeds from the sale of the 5.25% Notes after the payment of certain debt issuance costs of $7,805 were $242,195. The Company has used the net proceeds from the sale of the 5.25% Notes to fund capital expenditures and for general corporate purposes. The 5.25% Notes bear interest at a rate of 5.25% per annum, payable semi-annually in arrears on October 1 and April 1 of each year, beginning on April 1, 2014. The 5.25% Notes will mature on October 1, 2018, unless purchased, redeemed or converted prior to such date in accordance with their terms and the terms of the Indenture.

Holders may convert their 5.25% Notes, at their option, at any time prior to the close of business on the business day immediately preceding the maturity date of the 5.25% Notes. Upon conversion, the Company will deliver a number of shares of its common stock, per $1 principal amount of 5.25% Notes, equal to the conversion rate then in effect (together with a cash payment in lieu of any fractional shares). The initial conversion rate for the 5.25% Notes is 64.1026 shares of the Company's common stock per $1 principal amount of 5.25% Notes (which is equivalent to an initial conversion price of approximately $15.60 per share of the Company's common stock). The conversion rate is subject to adjustment upon the occurrence of certain specified events as described in the Indenture. Upon the occurrence of certain corporate events prior to the maturity date of the 5.25% Notes, the Company will, in certain circumstances, in addition to delivering the number of shares of the Company's common stock deliverable upon conversion of the 5.25% Notes based on the conversion rate then in effect (together with a cash payment in lieu of any fractional shares), pay holders that convert their 5.25% Notes a cash make-whole payment in an amount as described in the Indenture. The Company may, at its option, irrevocably elect to settle its obligation to pay any such make-whole payment in shares of its common stock instead of in cash.

The amount of any make-whole payment, whether it is settled in cash or in shares of the Company's common stock upon the Company's election, will be determined based on the date on which the corporate event occurs or becomes effective and the stock price paid (or deemed to be paid) per share of the Company's common stock in the corporate event, as described in the Indenture.

The Company may not redeem the 5.25% Notes prior to October 5, 2016. On or after October 5, 2016, the Company may, at its option, redeem for cash all or any portion of the 5.25% Notes if the closing sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which notice of redemption is provided, exceeds 160% of the conversion price on each applicable trading day. In the event of the Company's redemption of the 5.25% Notes, the redemption price will equal 100% of the principal amount of the 5.25% Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for in the 5.25% Notes.

If the Company undergoes a fundamental change (as defined in the Indenture) prior to the maturity date of the 5.25% Notes, subject to certain conditions as described in the Indenture, holders may require the Company to purchase, for cash, all or any portion of their 5.25% Notes at a repurchase price equal to 100% of the principal amount of the 5.25% Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change purchase date.

The Indenture contains customary events of default with customary cure periods, including, without limitation, failure to make required payments or deliveries of shares of the Company's common stock when due under the Indenture, failure to comply with certain covenants under the Indenture, failure to pay when due or acceleration of certain other indebtedness of the Company or certain of its subsidiaries, and certain events of bankruptcy and insolvency of the Company or certain of its subsidiaries. The occurrence of an event of default under the Indenture will allow either the trustee or the holders of at least 25% in principal amount of the then-outstanding 5.25% Notes to accelerate, or upon an event of default arising from certain events of bankruptcy or insolvency of the Company, will automatically cause the acceleration of, all amounts due under the 5.25% Notes. No events of default under the 5.25% Notes had occurred as of March 31, 2018.

The 5.25% Notes are senior unsecured obligations of the Company and rank senior in right of payment to the Company's future indebtedness that is expressly subordinated in right of payment to the 5.25% Notes; equal in right of payment to the Company's unsecured indebtedness that is not so subordinated; effectively junior to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness (including trade payables) of the Company's subsidiaries.

The Company has paid an aggregate of $84,344 in cash and issued an aggregate of 6,265,829 shares of its common stock to repurchase or exchange an aggregate of $139,550 in aggregate principal amount of the 5.25% Notes, together with all accrued and unpaid interest thereon. No such repurchases or exchanges occurred during the three months ended March 31, 2017 or 2018. All repurchased and exchanged 5.25% Notes have been surrendered to the trustee for such notes and canceled in full and the Company has no further obligations under such notes.

Plains Credit Facility

On February 29, 2016, the Company entered into a Loan and Security Agreement (the "Plains LSA") with PlainsCapital Bank ("Plains"), pursuant to which Plains agreed to lend the Company up to $50,000 on a revolving basis from time to time for a term of one year (the "Credit Facility"). All amounts advanced under the Credit Facility were due and payable on February 28, 2017. Simultaneously, the Company drew $50,000 under this Credit Facility, which the Company repaid in full on August 31, 2016. On October 31, 2016, the Plains LSA was amended solely to extend the Credit Facility's maturity date from February 28, 2017 to September 30, 2018. On December 22, 2016, the Company drew $23,500 under the Credit Facility, which the Company repaid in full on March 31, 2017. As a result, the Company had no amounts outstanding under the Credit Facility as of March 31, 2018.

The Credit Facility is evidenced by a promissory note the Company issued on February 29, 2016 in favor of Plains (the "Plains Note"). Interest on the Plains Note is payable monthly and accrues at a rate equal to the greater of (i) the then-current LIBOR rate plus 2.30% or (ii) 2.70%. As collateral security for the prompt payment in full when due of the Company's obligations to Plains under the Plains LSA and the Plains Note, the Company pledged to and granted Plains a security interest in all of its right, title and interest in the cash and corporate and municipal bonds rated AAA, AA or A by Standard & Poor's Rating Services that the Company holds in an account at Plains. In connection with such pledge and security interest granted under the Credit Facility, on February 29, 2016, the Company entered into a Pledged Account Agreement with Plains and PlainsCapital Bank - Wealth Management and Trust (the "Pledge Agreement" and collectively with the Plains LSA and the Plains Note, the "Plains Loan Documents").The Plains Loan Documents include certain covenants of the Company and also provide for customary events of default, which, if any of them occurs, would permit or require, among other things, the principal of, and accrued interest on, the Credit Facility to become, or to be declared, due and payable. Events of default under the Plains Loan Documents include, among others, the occurrence of certain bankruptcy events, the failure to make payments when due under the Plains Note and the transfer or disposal of the collateral under the Plains LSA. No events of default under the Plains Loan Documents had occurred as of March 31, 2018.

Table of Contents

Canton Bonds

On March 19, 2014, Canton Renewables, LLC (“Canton”), a former subsidiary of the Company, completed the issuance of Solid Waste Facility Limited Obligation Revenue Bonds (Canton Renewables, LLC — Sauk Trail Hills Project) Series 2014 in the aggregate principal amount of $12,400 (the “Canton Bonds”).

The Canton Bonds were issued by the Michigan Strategic Fund (the “Issuer”) and the proceeds of the issuance were loaned by the Issuer to Canton pursuant to a loan agreement that became effective on March 19, 2014.

On March 31, 2017, Canton was sold to BP in the BP Transaction (see Note 3). As a result, the Canton Bonds became the obligation of BP as of such date.

NG Advantage Debt

NG Advantage has debt for trailers and equipment due at various dates through 2025 bearing interest at rates up to 8.76%, with weighted -average interest rates of 4.98% and 5.88%, as of December 31, 2017 and March 31, 2018, respectively. NG Advantage pledged to and granted a security interest in all of its right, title and interest in the CNG trailers and equipment purchased with the proceeds received from various creditors.

Other Debt

The Company has other debt due at various dates through 2023 bearing interest at rates up to 5.02%, with weighted -average interest rates of 4.79% and 4.79% as of December 31, 2017 and March 31, 2018, respectively.

Note 13—Net Income Per Share

Basic net income per share is computed by dividing the net income attributable to Clean Energy Fuels Corp. by the weighted-average number of common shares outstanding and common shares issuable for little or no cash consideration during the period. Diluted net income per share is computed by dividing the net income attributable to Clean Energy Fuels Corp. by the weighted-average number of common shares outstanding and common shares issuable for little or no cash consideration during the period and potentially dilutive securities outstanding during the period, and therefore reflects the dilution from common shares that may be issued upon exercise or conversion of these potentially dilutive securities, such as stock options, warrants, convertible notes and restricted stock units. The dilutive effect of stock awards and warrants is computed under the treasury stock method. The dilutive effect of convertible notes and restricted stock units is computed under the if-converted method. Potentially dilutive securities are excluded from the computations of diluted net income per share if their effect would be antidilutive.

The information required to compute basic and diluted net income per share is as follows:

	Three Months Ended March 31,	
	2017	2018
Weighted-average common shares outstanding	148,847,503	152,194,695
Dilutive effect of potential common shares from restricted stock units and stock options	4,124,650	4,448,397
Weighted-average common shares outstanding - diluted	152,972,153	156,643,092

The following potentially dilutive securities have been excluded from the diluted net income per share calculations because their effect would have been antidilutive. Although these securities were antidilutive for these periods, they could be dilutive in future periods.

	Three Months Ended March 31,	
	2017	2018
Stock Options	12,426,603	8,573,749
Convertible Notes	14,991,521	14,991,521
Total	27,418,124	23,565,270

Table of Contents

At-The-Market Offering Program

On May 31, 2017, the Company terminated its equity distribution agreement (the “Sales Agreement”) with Citigroup Global Markets Inc. (“Citigroup”), as sales agent and/or principal. The Sales Agreement was terminable at will upon written notification by the Company with no penalty. Pursuant to the Sales Agreement, the Company was entitled to issue and sell, from time to time through or to Citigroup, shares of its common stock having an aggregate offering price of up to $200,000 in an “at-the-market” offering program (the “ATM Program”). The ATM Program commenced on November 11, 2015 when the Company and Citigroup entered into the original equity distribution agreement, which was amended and restated on September 9, 2016 and again on December 21, 2016 prior to its termination.

The following table summarizes the activity under the ATM Program for the period presented:

(in 000s, except per-share amounts)	Three Months Ended March 31, 2017
Gross proceeds	$ 10,767
Fees and issuance costs	254
Net proceeds	$ 10,513
Shares issued	3,802,500

Note 14—Stock-Based Compensation

The following table summarizes the compensation expense and related income tax benefit related to the Company's stock-based compensation arrangements recognized in the accompanying condensed consolidated statements of operations during the periods:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2018
Stock-based compensation expense, net of $0 tax in 2017 and 2018	$1,910	$1,898

As of March 31, 2018, there was $8,340 of total unrecognized compensation costs related to unvested shares subject to outstanding stock options and restricted stock units, which is expected to be expensed over a weighted-average period of approximately 2.34 years.

Note 15—Income Taxes

The Company’s income tax benefit (expense) was $2,263 and $(88) for the three months ended March 31, 2017 and 2018, respectively. Tax benefit (expense) for all periods was comprised of taxes due on the Company’s U.S. and foreign operations. The increase in the Company’s income tax expense for the three months ended March 31, 2018 as compared to the tax benefit for the three months ended March 31, 2017 was primarily due to a decrease in the deferred tax benefit attributed to the reduction of goodwill amortization following the BP Transaction (see Note 3). The effective tax rates for the three months ended March 31, 2017 and 2018 are different from the federal statutory tax rate primarily as a result of losses for which no tax benefit has been recognized.

Following the BP Transaction, the Company also benefited from the utilization of federal and state net operating loss ("NOL") carryovers that offset all of the Company's federal and the majority of its state taxes. In addition to the decrease in its deferred tax liability of $2,493 attributed to the reduction in goodwill following the BP Transaction, the utilization of NOLs also resulted in a decrease of $29,768 in the Company's deferred tax assets attributed to NOLs and a corresponding decrease in the Company's deferred tax asset valuation allowance.

The Company increased its liability for unrecognized tax benefits in the three months ended March 31, 2018 by $2,689, which was attributable to the portion of AFTC revenue recognized in the period that was offset by the fuel tax the Company collected from its customers as an unrecognized tax benefit during the year ended December 31, 2017. The net interest incurred was immaterial for both the three months ended March 31, 2017 and 2018, respectively.

Table of Contents

Note 16—Commitments and Contingencies

Environmental Matters

The Company is subject to federal, state, local and foreign environmental laws and regulations. The Company does not anticipate any expenditures to comply with such laws and regulations that would have a material impact on the Company's consolidated financial position, results of operations or liquidity. The Company believes that its operations comply, in all material respects, with applicable federal, state, local and foreign environmental laws and regulations.

Litigation, Claims and Contingencies

The Company may become party to various legal actions that arise in the ordinary course of its business. The Company is also subject to audit by tax and other authorities for varying periods in various federal, state, local and foreign jurisdictions, and disputes may arise during the course of these audits. It is impossible to determine the ultimate liabilities that the Company may incur resulting from any of these lawsuits, claims, proceedings, audits, commitments, contingencies and related matters or the timing of these liabilities, if any. If these matters were to ultimately be resolved unfavorably, it is possible that such an outcome could have a material adverse effect upon the Company’s consolidated financial position, results of operations, or liquidity. The Company, does not, however, anticipate such an outcome and it believes the ultimate resolution of these matters will not have a material adverse effect on the Company’s consolidated financial position, results of operations, or liquidity.

Note 17—Alternative Fuels Excise Tax Credit

Under separate pieces of U.S. federal legislation, the Company has been eligible to receive the AFTC tax credit for its natural gas vehicle fuel sales made between October 1, 2006 and December 31, 2017. The AFTC, which had previously expired on December 31, 2016, was reinstated on February 9, 2018 to apply to vehicle fuel sales made from January 1, 2017 through December 31, 2017. The AFTC credit is equal to $0.50 per gasoline gallon equivalent of CNG that the Company sold as vehicle fuel, $0.50 per liquid gallon of LNG that the Company sold as vehicle fuel through 2015, and $0.50 per diesel gallon of LNG that the Company sold as vehicle fuel in 2016 and 2017.

Based on the service relationship with its customers, either the Company or its customers claims the credit. The Company records its AFTC credits, if any, as revenue in its consolidated statements of operations because the credits are fully payable and do not need to offset income tax liabilities to be received. As such, the credits are not deemed income tax credits under the accounting guidance applicable to income taxes.

As a result of the most recent legislation authorizing AFTC being signed into law on February 9, 2018, all AFTC revenue for vehicle fuel the Company sold in the 2017 calendar year, has been recognized in the three months ended March 31, 2018 and will be received subsequent that date. AFTC revenue recognized for the three months ended March 31, 2017 and 2018 was $0 and $25,481, respectively. AFTC is not currently available, and may not be reinstated, for vehicle fuel sales made after December 31, 2017.

Table of Contents

Note 18—Recently Adopted Accounting Changes and Recently Issued Accounting Standards
Recently Adopted Accounting Changes
In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income, which allows for a reclassification from accumulated other comprehensive income (AOCI) to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act (the "TCJA"). This update is effective for fiscal years beginning after December 15, 2018, which for the Company is the first quarter of 2019, with early adoption permitted. The Company elected to early adopt this ASU during the three months ended March 31, 2018, which did not have any impact on the accompanying condensed consolidated financial statements or related disclosures. The Company did not elect to reclassify the stranded tax effects of the TCJA as there were none.
In December 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The new standard requires restricted cash and restricted cash equivalents to be included as components of total cash and cash equivalents as presented on the statement of cash flows. This pronouncement is effective for reporting periods beginning after December 15, 2017, which for the Company is the first quarter of 2018. The Company adopted this standard on a retrospective basis, and adoption did not have a material impact on the Company’s consolidated financial statements or related disclosures. As a result of including restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts presented in the accompanying condensed consolidated statement of cash flows, net cash flows decreased by $6,743 for the three months ended March 31, 2017 (see Note 1).

In September 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Payments. The new standard provides clarification as to the classification of certain transactions as operating, investing or financing activities. This pronouncement is effective for reporting periods beginning after December 15, 2017, which for the Company is the first quarter of 2018. Adoption of this standard did not have any impact on the accompanying condensed consolidated financial statements and related disclosures for the three months ended March 31, 2018.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities. In February 2018, the FASB subsequently issued ASU 2018-03, Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The new standard requires equity investments to be measured at fair value with changes in fair value recognized in net income, simplifies the impairment assessment of equity investments without readily determinable fair values, eliminates the requirement to disclose the methods and significant assumptions used to estimate fair value, requires use of the exit price notion when measuring fair value, requires separate presentation in certain financial statements, and requires an evaluation of the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The new standard is effective for fiscal years beginning after December 15, 2017, which for the Company is the first quarter of 2018. Adoption of this standard did not have any impact on the accompanying consolidated financial statements and related disclosures for the three months ended March 31, 2018.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) , which amends the guidance in former ASC Topic 605, Revenue Recognition , to provide a single, comprehensive revenue recognition model for all contracts with customers. The new standard requires an entity to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in amounts that reflect the consideration to which an entity expects to be entitled in exchange for those goods or services. The new standard also requires entities to enhance disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017, which for the Company is the first quarter of 2018. The Company adopted this standard using the modified retrospective method. See Note 2 of these condensed consolidated financial statements for more information and related disclosures.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases and in January 2018, the FASB issued ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842. The new standard requires most leases to be recognized on the balance sheet which will increase reported assets and liabilities. Lessor accounting remains substantially similar to current guidance. The new standard is effective for annual and interim periods in fiscal years beginning after December 15, 2018, which for the Company is the first quarter of 2019, and mandates adoption using a modified retrospective method. The Company is evaluating the impact this ASU will have on its consolidated financial statements and related disclosures.

Note 19—Subsequent Events
On May 9, 2018, the Company entered into a stock purchase agreement (the “Purchase Agreement”) with Total Marketing Services, S.A., a wholly owned subsidiary of Total S.A. (“Total”). Pursuant to the Purchase Agreement, the Company agreed to sell and issue, and Total agreed to purchase, up to 50,856,296 shares of the Company's common stock at a purchase price of $1.64 per share, all in a private placement (the “Total Private Placement”). The purchase price per share was determined based on the volume-weighted average price for the Company’s common stock between March 23, 2018 (the day on which discussions began between the Company and Total) and May 3, 2018 (the day on which the Company agreed in principle with Total regarding the structure and basic terms of its investment). If all of the shares to be sold under the Purchase Agreement are issued, then the Company would receive gross proceeds from such sale of $83,404 and, immediately after such issuance (and based on the number of shares of the Company’s common stock outstanding as of April 10, 2018, which was 152,514,550), Total would hold 25.0% of the outstanding shares of the Company's common stock and the largest ownership position of the Company. As of the date of the Purchase Agreement, Total did not hold or otherwise beneficially own any shares of the Company’s common stock, and Total has agreed, until the later of May 9, 2020 or such date when it ceases to hold more than 5.0% of the Company’s common stock then outstanding, among other similar undertakings and subject to customary conditions and exceptions, to not purchase shares of the Company’s common stock or otherwise pursue transactions that would result in Total beneficially owning more than 30.0% of the Company’s equity securities without the approval of the Company’s board of directors.
Pursuant to the Purchase Agreement, the completion of the Total Private Placement is conditioned on the satisfaction or waiver (if and to the extent permitted by applicable laws, rules and regulations) of certain specified conditions, including, among others, that the Company obtains the approval of its stockholders at its 2018 annual stockholders’ meeting of the issuance of all of the shares to be sold under the Purchase Agreement (as and to the extent required by applicable rules of the Nasdaq Stock Market) and the amendment of the Company’s Restated Certificate of Incorporation to increase the number of shares of its common stock it is authorized to issue thereunder. Pursuant to the Purchase Agreement, if the Company fails to obtain these approvals, then Total would have the right, exercisable in its sole discretion within two calendar weeks after the conclusion of the Company’s 2018 annual stockholders’ meeting, to elect to purchase fewer shares of the Company’s common stock, in an amount equal to 19.99% of the lesser of the number of shares of the Company’s common stock outstanding immediately before the Purchase Agreement was signed (which was 152,568,887 shares and 19.99% of which is 30,498,520 shares), and the number of shares of the Company’s common stock outstanding immediately before Total’s delivery to the Company of a notice indicating its election to exercise such right. Any such sale, issuance and purchase of fewer shares of the Company’s common stock would be completed under the terms of the Purchase Agreement, including the price per share set forth above, and would result in gross proceeds to the Company of up to $50,018.

The Purchase Agreement also provides that Total will have the right to designate up to two individuals to serve as directors on the Company’s board of directors. Subject to certain limited conditions as described in the Purchase Agreement, including compliance with the Company’s governing documents and all applicable laws, rules and regulations, the Company will be obligated to appoint or nominate for election as directors of the Company the individuals so designated by Total and, from and after such appointment or election, appoint one of these individuals to serve on the audit committee of the Company’s board of directors and any other board committees that may be formed from time to time for the purpose of making decisions that are strategically significant to the Company. Total’s rights and our obligations relating to these designees commence at the time any shares are issued to Total under the Purchase Agreement, and continue until (and if) (1) with respect to Total’s right to designate two individuals to serve as directors on the Company’s board of directors, Total’s voting power is less than 16.7% but more than 10.0%, and (2) with respect to Total’s right to designate one individual to serve as a director on the Company’s board of directors, Total’s voting power is less than 10.0%, in each case measured in relation to the total votes then entitled to be cast in an election of directors by the Company’s stockholders. The Purchase Agreement also contains representations, warranties and other covenants made by the Company and Total that are customary for transactions of this nature.

The Company expects the Total Private Placement to be completed promptly following the satisfaction of all conditions as set forth in the Purchase Agreement. The Company expects to use any net proceeds received from the Total Private Placement for working capital and general corporate purposes, which may include, among other purposes, executing its business plans, pursuing opportunities for further growth, and retiring a portion of its outstanding indebtedness.

Pursuant to the Purchase Agreement, the Company has also agreed to enter into a registration rights agreement with Total at the closing of the issuance and sale of its common stock to Total under the Purchase Agreement. Pursuant to the registration rights agreement, the Company will be obligated to, at its expense, (1) within 60 days after the issuance and sale of shares of its common stock to Total under the Purchase Agreement, file one or more registration statements with the SEC to cover the resale of such shares, (2) use its commercially reasonable efforts to cause all such registration statements to be declared effective within 90 days after the initial filing thereof with the SEC, (3) use its commercially reasonable efforts to maintain the effectiveness of such registration statements until all such shares are sold or may be sold without restriction under Rule 144 under the Securities

Table of Contents

Act of 1933, as amended, and (4) with a view to making available to the holders of such shares the benefits of Rule 144, make and keep available adequate current public information, as defined in Rule 144, and timely file with the SEC all required reports and other documents, until all such shares are sold or may be sold without restriction under Rule 144. If such registration statements are not filed or declared effective as described above or any such effective registration statements subsequently become unavailable for more than 30 days in any 12-month period while they are required to maintained as effective, then the Company would be required to pay liquidated damages to Total equal to 0.75% of the aggregate purchase price for the shares remaining eligible for such registration rights each month for each such failure (up to a maximum of 4.0% of the aggregate purchase price for the shares remaining eligible for such registration rights each year).

In addition, and separate from the Total Private Placement, the Company has entered into a non-binding letter of intent with Total, in which both parties have agreed to negotiate in good faith regarding the launch of a truck leasing program and related credit support arrangement designed to facilitate and grow the deployment of heavy-duty natural gas trucks in the United States. This program and arrangement are subject to completion of definitive agreements, and as a result, may not be launched when or as expected, on terms similar to those contemplated by the letter of intent, or at all.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (this discussion, as well as discussions under the same heading in our other periodic reports, are referred to as the “MD&A”) should be read together with our unaudited condensed consolidated financial statements and the related notes included in this report, and all cross references to notes included in this MD&A refer to the identified note in such consolidated financial statements. For additional context with which to understand our financial condition and results of operations, refer to the MD&A included in our Annual Report on Form 10-K for our fiscal year ended December 31, 2017, which was filed with the Securities and Exchange Commission (“SEC”) on March 13, 2018, as well as the audited consolidated financial statements and notes included therein (collectively, our “2017 Form 10-K”). Pursuant to Instruction 2 to paragraph (b) of Item 303 of Regulation S-K promulgated by the SEC, in preparing this MD&A, we have presumed that readers have access to and have read the MD&A contained in our 2017 Form 10-K. Unless the context indicates otherwise, all references to “Clean Energy,” the “Company,” “we,” “us,” or “our” in this MD&A refer to Clean Energy Fuels Corp. together with its consolidated subsidiaries.

Cautionary Note Regarding Forward Looking Statements

This MD&A and the other disclosures in this report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements other than historical facts and relate to future events or circumstances or our future performance, and they are based on our current assumptions, expectations and beliefs concerning future developments and their potential effect on our business. In some cases, you can identify forward-looking statements by the following words: “if,” “may,” “might,” “shall,” “will,” “can,” “could,” “would,” “should,” “ “intend,” “plan,” “goal,” “objective,” “initiative,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “forecast,” “potentia “ongoing” or the negative of these terms or other comparable terminology, although the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements we make in this discussion include statements about, among other things, our future financial and operating performance, our growth strategies and anticipated trends in our industry and our business. Although the forward-looking statements in this discussion reflect our good faith judgment based on available information, they are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Factors that might cause or contribute to such differences include, among others, those discussed under “Risk Factors” in this report and in our 2017 Form 10-K. In addition, we operate in a competitive and rapidly evolving industry in which new risks emerge from time to time, and it is not possible for us to predict all of the risks we may face, nor can we assess the impact of all factors on our business or the extent to which any factor or combination of factors could cause actual results to differ from our expectations. As a result of these and other potential risks and uncertainties, our forward-looking statements should not be relied on or viewed as predictions of future events. All forward-looking statements in this discussion are made only as of the date of this document and, except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason, including to conform these statements to actual results or to changes in our expectations.

Overview

We are the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada, based on the number of stations operated and the amount of gasoline gallon equivalents ("GGEs") of renewable natural gas ("RNG"), compressed natural gas ("CNG") and liquefied natural gas ("LNG") delivered. Our principal business is supplying RNG, CNG

Table of Contents

and LNG (RNG can be delivered in the form of CNG or LNG) for light, medium and heavy-duty vehicles and providing operation and maintenance ("O&M") services for vehicle fleet customer stations. As a comprehensive solution provider, we also design, build, operate and maintain fueling stations; sell and service natural gas fueling compressors and other equipment used in CNG stations and LNG stations; offer assessment, design and modification solutions to provide operators with code-compliant service and maintenance facilities for natural gas vehicle fleets; transport and sell CNG and LNG via "virtual" natural gas pipelines and interconnects; procure and sell RNG; sell tradable credits we generate by selling RNG and conventional natural gas as a vehicle fuel, including Renewable Identification Numbers ("RIN Credits" or "RINs") under the federal Renewable Fuel Standard Phase 2 and credits under the California and Oregon Low Carbon Fuel Standards (collectively, "LCFS Credits"); help our customers acquire and finance natural gas vehicles; and obtain federal, state and local tax credits, grants and incentives. In addition, before March 31, 2017, we produced RNG at our own production facilities (which we sold, along with certain of our other RNG production assets, in a transaction we refer to as the "BP Transaction"), and before December 29, 2017, we manufactured, sold and serviced natural gas fueling compressors and other equipment used in CNG stations (which we combined with another company's natural gas fueling compressor business in a newly formed joint venture, in a transaction we refer to as the "CEC Combination").

We serve fleet vehicle operators in a variety of markets, including heavy-duty trucking, airports, refuse, public transit, industrial and institutional energy users, and government fleets. We believe these fleet markets will continue to present a growth opportunity for natural gas vehicle fuel for the foreseeable future. As of March 31, 2018, we served nearly 1,000 fleet customers operating over 46,000 natural gas vehicles, and we currently own, operate or supply over 530 natural gas fueling stations in 41 states in the United States and four provinces in Canada.

Performance Overview

This performance overview discusses matters on which our management focuses in evaluating our financial condition and operating performance and results.

Sources of Revenue

The following table represents our sources of revenue:

Revenue (in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2018
Volume -Related (1)	$ 73.6	$ 67.2
Compressor Sales (2)	6.5	—
Station Construction Sales	9.3	5.8
AFTC (3)	—	25.5
Other	0.1	3.9
Total	$ 89.5	$ 102.4

(1) Our volume-related revenue primarily consists of sales of CNG, LNG and RNG fuel, performance of O&M services, and sales of RINs and LCFS Credits. More information about our volume of fuel and O&M services delivered in the periods is included below under "Key Operating Data." The following table summarizes our revenue from sales of RINs and LCFS Credits in the periods:

(In millions)	Three Months Ended March 31, 2017 (a)	2018
RIN Credits	$9.7	$3.4

LCFS Credits	2.5	2.2
Total	$ 12.2	$ 5.6

a. $5.1 million of the revenue from to sales of RINs and LCFS Credits in the period served as an adjustment to the purchase price for the assets we sold in the BP Transaction, and was recorded in our condensed consolidated statement of operations as a reduction of the gain from the BP Transaction (see Note 3).

(2) We completed the CEC Combination on December 29, 2017 (see Note 4). As a result, no revenue for compressor sales has been or will be received or recorded periods after that date.

(3) Represents a federal alternative fuels tax credit that we refer to as "AFTC," which expired December 31, 2016, but subsequent to December 31, 2017, was reinstated for vehicle fuel sales made in 2017. See "Recent Developments" below for more information.

Table of Contents

Key Operating Data

In evaluating our operating performance, our management focuses primarily on: (1) the amount of CNG, LNG and RNG gasoline gallon equivalents delivered (which we define as (i) the volume of gasoline gallon equivalents we sell to our customers, plus (ii) the volume of gasoline gallon equivalents dispensed at facilities we do not own but where we provide O&M services on a per-gallon or fixed fee basis, plus (iii) our proportionate share of the gasoline gallon equivalents sold as CNG by our joint venture with Mansfield Ventures, LLC called Mansfield Clean Energy Partners, LLC ("MCEP"), plus (iv) our proportionate share (as applicable) of the gasoline gallon equivalents of RNG produced and sold as pipeline quality natural gas by the RNG production facilities we owned and operated before completion of the BP Transaction, (2) our station construction cost of sales, (3) our gross margin (which we define as revenue minus cost of sales), and (4) net income (loss) attributable to us. The following tables present our key operating data for the years ended December 31, 2015, 2016, and 2017 and for the three months ended March 31, 2017 and 2018:

Gasoline gallon equivalents delivered (in millions)	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Three Months Ended March 31, 2017	Three Months Ended March 31, 2018
CNG (1)	229.2	259.2	283.4	68.5	70.8
RNG (2)	8.8	3.0	1.9	0.6	—
LNG	70.5	66.8	66.1	16.0	14.3
Total	308.5	329.0	351.4	85.1	85.1

Gasoline gallon equivalents delivered (in millions)	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Three Months Ended March 31, 2017	Three Months Ended March 31, 2018
O&M services	159.3	176.6	199.5	46.7	48.8
Fuel (1)	130.1	128.5	127.3	32.6	30.1
Fuel and O&M services (3)	19.1	23.9	24.6	5.8	6.2
Total	308.5	329.0	351.4	85.1	85.1

Other operating data (in millions)	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Three Months Ended March 31, 2017	Three Months Ended March 31, 2018
Station construction cost of sales	$ 32.3	$ 57.0	$ 47.0	$ 8.4	$ 5.9
Gross margin (4)	$ 125.8	$ 147.1	$ 85.8	$ 28.6	$ 47.6
Net income (loss) attributable to Clean Energy Fuels. Corp (4)	$ (134.2)	$ (12.2)	$ (79.2)	$ 61.1	$ 12.2

(1) As noted above, amounts include our proportionate share of the GGEs sold as CNG by our joint venture MCEP. GGEs sold by this joint venture were 0.4 million, 0.5 million, and 0.5 million, for the years ended December 31, 2015, 2016, and 2017, respectively, and 0.1 million and 0.1 million for the three months ended March 31, 2017 and 2018, respectively.

(2) Represents RNG sold as non-vehicle fuel. RNG sold as vehicle fuel, is sold under the brand name Redeem™, and is included in this table in the CNG or LNG amounts as applicable based on the form in which it was sold. GGEs of Redeem sold were 50.1 million, 58.6 million, and 78.5 million for the years ended December 31, 2015, 2016, and 2017, respectively, and 14.6 million and 18.5 million for the three months ended March 31, 2017 and 2018, respectively.

(3) Represents gasoline gallon equivalents at stations where we provide both fuel and O&M services.

(4)

Includes the following amounts of AFTC revenue: $31.0 million, $26.6 million, and $0.0 million for the years ended December 31, 2015, 2016, and 2017, respectively, and $0.0 million and $25.5 million for the three months ended March 31, 2017 and 2018, respectively.

Recent Developments

Total Private Placement. On May 9, 2018, we entered into a stock purchase agreement with Total Marketing Services, S.A., a wholly owned subsidiary of Total S.A. (“Total”), for the sale and issuance to Total of up to 50,856,296 shares of our common stock at a purchase price of $1.64 per share, all in a private placement (the “Total Private Placement”). If all of these shares are sold to Total, then we would receive gross proceeds from such sale of $83.4 million.

The completion of the Total Private Placement is conditioned on the satisfaction or waiver of certain specified conditions, including, among others, that we obtain the approval of our stockholders at our 2018 annual stockholders’ meeting of the issuance of all of the shares to be sold to Total (as and to the extent required by applicable rules of the Nasdaq Stock Market) and an increase to the number of shares of our common stock we are authorized to issue. If we fail to obtain these approvals, then Total would

Table of Contents

have the right, exercisable in its discretion, to elect to purchase fewer shares of our common stock, in an amount of up to 30,498,520 shares. If a lesser number of shares are sold to Total, then we would receive gross proceeds of up to $50.0 million. We expect the Total Private Placement to be completed promptly following the satisfaction of all conditions, and we expect to use any net proceeds for working capital and general corporate purposes, which may include, among other purposes, executing our business plans, pursuing opportunities for further growth, and retiring a portion of our outstanding indebtedness.

The agreements related to the Total Private Placement also contain representations, warranties and covenants made by us and Total regarding, among other matters, certain director designation rights we have granted to Total, certain registration rights we have granted to Total for the shares that may be issued and sold, certain limitations on Total's purchase of additional securities of our Company without the approval of our board of directors, and various other matters that are customary for transactions of this nature.

In addition, and separate from the Total Private Placement, we have also entered into a non-binding letter of intent with Total, in which both parties have agreed to negotiate in good faith regarding the launch of a truck leasing program and related credit support arrangement designed to facilitate and grow the deployment of heavy-duty natural gas trucks in the United States. This program and arrangement are subject to completion of definitive agreements, and as a result, may not be launched when or as expected, on terms similar to those contemplated by the letter of intent, or at all.

AFTC. We have been eligible to receive the AFTC alternative fuels tax credit for our natural gas vehicle fuel sales made through December 31, 2017. The AFTC, which had previously expired on December 31, 2016, was reinstated on February 9, 2018 to apply to vehicle fuel sales made from January 1, 2017 through December 31, 2017. As a result, all AFTC revenue for vehicle fuel we sold in the 2017 calendar year which totaled $25.5 million, was recognized in the three months ended March 31, 2018 and will be collected subsequently. The AFTC credit for 2017 is equal to $0.50 per gasoline gallon equivalent of CNG that we sold as vehicle fuel, and $0.50 per diesel gallon of LNG that we sold as vehicle fuel. AFTC is not currently available, and may not be reinstated, for vehicle fuel sales made after December 31, 2017.

Business Risks and Uncertainties and Other Trends

Our business and prospects are exposed to numerous risks and uncertainties. For more information, see "Risk Factors" in Part II, Item 1A of this report. In addition, our performance in any period may be affected by various trends in our business and our industry, including certain seasonality trends. See the description of the key trends in our past performance and anticipated future trends in the MD&A contained in our 2017 Form 10-K.

In 2017, as described further in our 2017 Form 10-K, we took actions we believe will better align our activities and assets with current and anticipated market demand, and these actions will have an impact on our future performance and financial condition. For instance, we expect our fueling station closures and the CEC contribution will decrease our aggregate revenue and cost levels in the near term, among other potential effects. We also anticipate the actions we took to reduce our operating costs, including a workforce reduction and other measures to reduce overhead costs, will contribute to decreased expenses, particularly selling, general and administrative expenses. These actions also led us to record asset impairment and other cash and non-cash charges in 2017, which could be repeated if we decide to implement similar measures in the future. In addition, subsequent to December 31, 2017, our stock price has declined. If the recent decline of our market capitalization is sustained, we will perform impairment tests more frequently and it is possible that our goodwill could become impaired in 2018, which could result in a material charge and adversely affect our results of operations.

Debt Compliance

Certain of the agreements governing our outstanding debt, which are discussed in Note 12, have certain non-financial covenants with which we must comply. As of March 31, 2018, we were in compliance with all of these covenants.

Risk Management Activities

Our risk management activities are discussed in the MD&A contained in our 2017 Form 10-K. In the three months ended March 31, 2018, there were no material changes to these activities.

Critical Accounting Policies

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements.

- Revenue recognition;

Table of Contents

- Impairment of goodwill and long-lived assets;
- Income taxes; and
- Fair value measurements.

These critical accounting policies and the related judgments and estimates are discussed in the MD&A contained in our 2017 Form 10-K, except that effective January 1, 2018, we adopted new guidance for our revenue recognition policy that superseded the previous guidance for revenue recognition. The new guidance, and our revenue recognition policy under this new guidance, is described Note 2. There were no other material changes to our critical accounting policies.

Recently Issued and Adopted Accounting Standards

See Note 18 for a description of recently issued and adopted accounting standards.

Table of Contents

Results of Operations

The table below presents, for each period indicated, each line item of our statement of operations data as a percentage of our total revenue for the period. Additionally, the narrative that follows provides a comparative discussion of certain of these line items between the periods indicated. Historical results are not indicative of the results to be expected in the current period or any future period.

	Three Months Ended March 31,	
	2017	2018
Statement of Operations Data:		
Revenue:		
Product revenue	85.2 %	90.1 %
Service revenue	14.8	9.9
Total revenue	100.0	100.0
Operating expenses:		
Cost of sales (exclusive of depreciation and amortization shown separately below):		
Product cost of sales	61.0	49.0
Service cost of sales	7.0	4.5
Selling, general and administrative	26.6	18.4
Depreciation and amortization	17.1	12.5
Total operating expenses	111.7	84.4
Operating income (loss)	(11.7)	15.6
Interest expense	(5.5)	(4.4)
Interest income	0.2	0.6
Other income (expense), net	(0.2)	0.0
Loss from equity method investments	0.0	(1.4)
Gain from extinguishment of debt	3.6	—
Gain from sale of certain assets of subsidiary	78.9	—
Income before income taxes	65.3	10.4
Income tax benefit (expense)	2.5	(0.1)
Net income	67.8	10.3
Loss attributable to noncontrolling interest	0.4	1.7
Net income attributable to Clean Energy Fuels Corp.	68.2 %	12.0 %

Revenue. Revenue increased by $12.9 million to $102.4 million in the three months ended March 31, 2018, from $89.5 million in the three months ended March 31, 2017. This increase was primarily due to the addition of AFTC revenue partially offset by lower volume -related revenue, station construction sales, and the absence of compressor revenue.

Volume -related revenue decreased by $6.4 million between periods primarily due to reduced revenue received from sales of RINs and LCFS Credits, which was due in large part to the effects of the BP Transaction (see Note 3) as described in the MD&A contained in our 2017 Form 10-K.

Our effective price per gallon charged was $0.79 for the three months ended March 31, 2018, a $0.08 per gallon decrease from $0.87 per gallon for the three months ended March 31, 2017. Our effective price per gallon is defined as revenue generated from selling CNG, LNG, RNG, and any related RINs and LCFS Credits and providing O&M services to our vehicle fleet customers at stations we do not own and for which we receive a per-gallon or fixed fee, all divided by the total GGEs delivered less GGEs delivered by non-consolidated entities, such as entities that are accounted for under the equity method. The decrease in our effective price per gallon between periods was primarily due to lower revenue from sales of RINs and LCFS Credits.

Compressor revenue decreased by $6.5 million between periods due to the completion of the CEC Combination in December 2017 (see Note 4).

Table of Contents

Station construction sales decreased by $3.5 million between periods, principally due to fewer full station and station upgrade projects in process.

AFTC revenue increased by $25.5 million between periods due to the absence of AFTC in the 2017 period and our recognition in the 2018 period of AFTC revenue for all of the vehicle fuel we sold in 2017.

Cost of sales. Cost of sales decreased by $6.1 million to $54.8 million in the three months ended March 31, 2018, from $60.9 million in the three months ended March 31, 2017. This decrease was primarily due to a $6.0 million decrease in costs related to our former compressor business due to the completion of the CEC Combination in December 2017 (see Note 4).

Our effective cost per gallon decreased by $0.02 per gallon between periods, to $0.53 per gallon in the three months ended March 31, 2018 from $0.55 per gallon in the three months ended March 31, 2017. Our effective cost per gallon is defined as the total costs associated with delivering natural gas, including gas commodity costs, transportation fees, liquefaction charges, and other site operating costs, plus the total cost of providing O&M services at stations that we do not own and for which we receive a per-gallon or fixed fee, including direct technician labor, indirect supervisor and management labor, repair parts and other direct maintenance costs, all divided by the total GGEs delivered less GGEs delivered by non-consolidated entities, such as entities that are accounted for under the equity method. The decrease in our effective cost per gallon was primarily due to the sale of our RNG production facilities in the BP Transaction, resulting in no costs to operate these facilities incurred in the 2018 period.

Selling, general and administrative. Selling, general and administrative expenses decreased by $5.0 million to $18.8 million in the three months ended March 31, 2018, from $23.8 million in the three months ended March 31, 2017. This decrease was primarily driven by continued cost reduction efforts and reduced administrative costs due to the completion of the BP Transaction and CEC Combination in 2017.

Depreciation and amortization. Depreciation and amortization decreased by $2.5 million to $12.8 million in the three months ended March 31, 2018, from $15.3 million in the three months ended March 31, 2017, primarily due to the sale of our RNG production facilities in the BP Transaction and the asset impairments related to our station closures and natural compressor business during the third quarter of 2017.

Interest expense. Interest expense decreased by $0.4 million to $4.5 million in the three months ended March 31, 2018, from $4.9 million in the three months ended March 31, 2017. This decrease was primarily due to a reduction of outstanding indebtedness between periods.

Other income (expense), net Other income (expense), net decreased by $0.2 million between periods, which was primarily attributable to the reduction of losses from foreign currency transactions and re-measurements as a result of the CEC Combination.

Income tax benefit (expense). Income tax benefit (expense) increased by $2.4 million between periods, which was primarily attributable to a decrease in the deferred tax benefit due to the reduction of goodwill amortization following the BP Transaction.

Loss from equity method investments. Loss from equity method investments increased by $1.4 million between periods, which was attributable to the CEC Combination in December 2017.

Loss from noncontrolling interest. During the three months ended March 31, 2017 and 2018, we recorded a $0.3 million and $1.7 million reversal of loss, respectively, for the noncontrolling interest in the net loss of our subsidiary NG Advantage, LLC ("NG Advantage"). The noncontrolling interest in NG Advantage represents a 46.7% and 46.5% minority interest that was held by third parties during the 2017 and 2018 periods respectively.

Gain from extinguishment of debt. During the three months ended March 31, 2017, we recorded a gain of $3.2 million related to the extinguishment of debt. We recorded no comparable gain in 2018.

Gain from sale of certain assets of subsidiary. During the three months ended March 31, 2017, we recorded a gain of $70.6 million related to the BP Transaction. We recorded no comparable gain in 2018.

Table of Contents

Liquidity and Capital Resources

Liquidity

Liquidity is the ability to meet present and future financial obligations through operating cash flows, the sale or maturity of investments or the acquisition of additional funds through capital management. Our financial position and liquidity are, and will continue to be, influenced by a variety of factors, including the level of our outstanding indebtedness and the principal and interest we are obligated to pay on our indebtedness, our capital expenditure requirements and any merger, divestiture or acquisition activity, as well as our ability to generate cash flows from our operations. We expect cash provided by our operating activities to fluctuate as a result of a number of factors, including our operating results and the factors that impact these results, as well as the amount and timing and amount of our billing, collections and liability payments, completion of our station construction projects and receipt of government credits, grants and incentives.

Cash Flows

Cash used in operating activities was $2.3 million in the three months ended March 31, 2018, compared to $1.4 million provided by operating activities in the comparable 2017 period. The $3.7 million increase in cash used in operating activities was attributable to changes in working capital resulting from the timing of receipts and payments of cash, as the operating loss between periods was consistent when excluding the effects of the AFTC from the 2018 results. The AFTC will be collected subsequent to March 31, 2018.

Cash provided by investing activities was $7.3 million in the three months ended March 31, 2018, compared to $36.4 million provided by investing activities in the comparable 2017 period. The