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Q2 2022 Brookfield Renewable Corp and Brookfield Renewable Partners LP Earnings Call

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PRESENTATION

Operator

Thank you for standing by, and welcome to the Brookfield Renewable Second Quarter 2022 Results Conference Call. (Operator Instructions) As a reminder, today's program may be recorded.

And now I'd like to introduce your host for today's program, Connor Teskey, CEO. Please go ahead, sir.

Connor David Teskey *Brookfield Renewable Corporation - Managing Partner & CEO*

Thank you, operator. Good morning, everyone, and thank you for joining us for our Second Quarter 2022 conference call. Before we begin, we would like to remind you that a copy of our news release, investor supplement and letter to unitholders can be found on our website.

We also want to remind you that we may make forward-looking statements on this call. These statements are subject to known and unknown risks, and our future results may differ materially. For more information, you are encouraged to review our regulatory filings available on SEDAR, EDGAR and our website.

To kick off today's call, we will provide an update on the business and some of our recent growth initiatives. After my remarks, Ruth Kent, our Chief Operating Officer, will give an update on our development activities. And then Wyatt will provide an overview of our operating results and balance sheet and liquidity. Following our remarks, we look forward to taking your questions.

The business performed well this quarter, generating funds from operations of \$294 million or \$0.46 per unit, a 10% increase over the same period last year. We continue to advance our key operating priorities as well as execute on transactions from our strong pipeline of growth opportunities. The trends driving the energy transition continue to accelerate, driven by the focus on net-zero ambitions, low-cost energy and energy security.

Given the nature of power as an essential service, our business remains well positioned to operate and grow irrespective of the economic situation. We feel the current environment will continue to favor investors like ourselves, who are well capitalized and globally diversified with significant development capabilities to build out renewables in scale. As always, we remain focused on growing our leading renewable power platform. Expanding the spectrum of decarbonization solutions, we can provide to our customers and building global businesses that are critical to the transition to net zero.

The recent growth in our business has been significant. So far this year, we have deployed or agreed to deploy \$4.5 billion or \$1 billion net to Brookfield Renewable. This capital spreads across a wide range of investments, including battery storage, carbon capture, distributed generation and utility scale wind and solar.

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To date, our investments into new transition opportunities comprise only a small portion of our capital deployment, but marked valuable entry points into segments that we feel have the potential to grow significantly over time. These investments represent new and incremental growth levers for our business beyond our continued expansion in renewables.

Our approach to investing in these new transition opportunities is similar to how we look at renewables investments. We look for opportunities that are economic without government subsidy, technologically proven and underpinned by strong macro tailwinds. We focus on situations where our key advantages of access to capital, knowledge of power markets, operating and development capabilities, extensive customer relationships, and global reach can differentiate us both as investors and as operators.

Over time, as more decarbonization products and services scale, we expect transition investments to grow within our portfolio. But that being said, investment in clean power generation remains the largest decarbonization opportunity today and we, therefore, expect it to represent the majority of our deployment for the foreseeable future. Our global distributed generation business continues to be a significant area of growth as the trends of decentralized power generation and direct customer interaction accelerate.

In the past year, we have grown our U.S. DG business by 3 times to 6,500 megawatts through various organic growth initiatives. These include channel partnerships, joint development agreements and strategic partnerships like our cooperation agreement with Trane Technologies, which enables us to leverage our respective capabilities to create full suite decarbonization solutions for our customers.

We recently agreed to acquire a leading integrated distributed generation developer in the U.S. with a proven track record of developing and operating projects. We intend to invest \$700 million or \$140 million net to Brookfield Renewable, representing both our equity purchase price and additional equity deployment to fund future growth. The business has in-house expertise across all stages of the development life cycle, with 500 megawatts of contracted operating and under construction assets located primarily in the U.S. Northeast, and an 1,800-megawatt identified development pipeline, of which almost 200 megawatts are derisked with long-term creditworthy counterparties.

With this investment, we further enhanced our position as the global leader in distributed generation with over 10,000 megawatts of operating and development assets. With capabilities and scale across all our core regions, we are well positioned to keep growing and provide our customers with innovative decarbonization solutions across multiple markets. This will help our partners meet their sustainability targets while reducing operating costs through on-site renewable energy and other decarbonization services.

We also expanded our North American carbon capture and storage platform through a recently announced joint venture to establish a new carbon management business. Under an arrangement with California Resource Corporation, an independent oil and natural gas company committed to the energy transition, we will fund the development and construction of identified CCS projects in California with an initial goal of deploying up to \$500 million of capital or \$100 million net to Brookfield Renewable.

We expect that the joint venture, where we will retain the option to fund projects meeting our objectives will benefit from a first-mover advantage through CRC's ownership of prospective CO₂ storage reservoirs that are a critical asset for carbon capture and storage in California, one of the most desirable jurisdictions globally given the state's low-carbon fuel standards credit system. The joint venture is targeting the injection of 5 million metric tons per annum and 200 million metric tons of total carbon dioxide storage development, which if reached, could result in an additional investment opportunity of approximately \$1 billion or \$200 million net to Brookfield Renewable.

Lastly, as illustrated, the growth of our U.S. business continues to be significant. However, it is important to emphasize that all of our recent underwritings did not factor in the recently proposed Inflation Reduction Act, and we believe the investments will deliver excellent results regardless. However, not unexpectedly, if the bill is passed in its current form, it will, without doubt, be a net positive to the growth of these investments and our business.

We are fortunate that with the recent acquisitions we have made this year, including Urban Grid, our U.S.-based utility scale solar and storage developer along with the recent acquisitions and growth of our DG business as well as our CCS joint venture and our green hydrogen development pipeline, that we are uniquely positioned to benefit from the bill. Our growth prospects in the U.S. are significant.

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Our in-house organic growth development pipeline in the United States alone covers a broad range of transition products consisting of 35 gigawatts of wind, solar and storage and 5 million metric tons per annum of CCS.

With that, I'll turn the call over to Ruth to discuss some of our recent operational activity.

Ruth Kent Brookfield Renewable Corporation - Managing Partner of Renewable Power & Transition and COO

Thank you, Connor, and good morning, everyone. I'm excited to be speaking with you today about some of our recent operational initiatives. We believe it's our global operating and development expertise, including our commercial capabilities that differentiates us as a partner of choice and decarbonization.

Our 3,200 operating professionals around the world mean we can invest and execute across the entire spectrum of renewable power and transition assets. We are end-to-end. For example, we can invest during the asset development stage and leverage our capabilities to secure grid connection, permitting, procure equipment, construct the project, contract the power with corporate offtakers and ultimately operate the asset. This end-to-end capability is not only a meaningful organic growth lever for our existing assets, but it also enables us to source a wide spectrum of opportunities where we can bring these capabilities to bear and derisk investments and earn strong returns.

We have a very substantial global development pipeline, which now stands at over 75 gigawatts, along with an 8 million metric tons per annum of CO2 carbon capture development pipeline. Of that, we have 17 gigawatts of advanced stage and ready to build construction projects, which we are advancing and delivering on. We continue to be well positioned from a supply chain perspective, given our globally diversified pipeline and strong global relationships.

Our cash flows have now started to meaningfully benefit from the considerable dollars in the ground that we have invested into our development projects in the past number of years. These investments will translate into higher earnings that will only accelerate for the rest of 2022 into 2023 and beyond. Our development investment has increased in recent years, and that will continue, meaning we have strong visibility into the future growth of our cash flows as more of our development projects come online.

So far this year, we have commissioned approximately 1,500 megawatts of capacity, which will contribute approximately \$20 million of additional run-rate FFO. And we are on track to commission an additional 6,400 megawatts of capacity by the end of 2023. These are expected to contribute an incremental of approximately \$100 million of run-rate FFO. This includes our 850-megawatt Shepherds Flat repowering project.

Further, with our scale pipeline, we expect to see continued opportunities to pull forward development and accelerate the deployment of capital at accretive returns throughout the portfolio. Given this ability to execute globally and at scale, we remain a tough choice for corporates looking to procure green power. This is because we can be a flexible partner, offering a full suite of decarbonization solutions from our diverse fleet of renewable power and transition assets across the globe.

And despite recent pressure on development and financing costs globally, buyers of clean energy are generally accommodating of cost increases in the form of higher PPA prices given decarbonization imperatives, energy security tailwinds, as well as the still very favorable economics that renewable power presents.

Most recently, we signed several agreements of wind and solar development with multinational corporations, who are market leaders in their respective industries that includes Amazon, BASF, Johnson & Johnson and Salesforce. Each of these agreements has unique characteristics, but with the consistent underlying theme of helping these corporations decarbonize their operations.

By way of example, we are finalizing terms on one of the largest national accounts distributed generation portfolios ever awarded globally, and we signed a 25-year fixed price renewable electricity supply agreement with BASF, a multinational chemical company. We're going to power one of its largest production facilities globally that it is currently building.

All of these agreements involve the build-out of significant clean energy and leverage our deep development expertise and centralized procurement platform and they represent opportunities to continue to enhance our long-term decarbonization relationships with these

global corporations.

With that, I'll turn over to Wyatt to discuss our operating results and financial position.

Wyatt Hartley *Brookfield Renewable Corporation - CFO and Managing Partner of Renewable Power & Transition*

Thank you, Ruth. As Connor mentioned, we had strong results in the quarter as our operations benefited from strong asset availability, higher power prices and continued growth, both through development and acquisitions. In the current power price environment, we are executing on several initiatives to capture value across our business.

For example, at our hydro assets in the United States and Colombia, where we have a majority of our uncontracted generation over the next 5 years, we have been executing contracts at very attractive prices. At our pumped storage assets in the U.K., we have locked in value through 2024, where we typically only do this months ahead.

Our balance sheet and liquidity remain strong. We have approximately \$4 billion of available liquidity, allowing us to opportunistically fund our growth pipeline and no material near-term maturities. Additionally, with the recent \$15 billion closing of Brookfield's Global Transition Fund, we have access to scale capital to invest alongside us, which is a meaningful advantage given increasingly volatile capital markets.

During the first half of 2022, we accelerated many of our financing activities, extending the term of our debt and locking in attractive interest rates before recent rate increases. During the quarter, we executed over \$2 billion of nonrecourse financings across the business. Notably on the back of a strong outlook for our Colombian business and in anticipation of potential market volatility ahead of the recent presidential elections, we raised \$630 million in our financing at an average term of over 8 years.

As a result, our balance sheet is in excellent shape with an average debt duration across our portfolio of 13 years and very limited floating rate debt, almost all of which is in Brazil and Colombia, where we have the benefit of full inflation escalation in our contracts.

Lastly, we also continued to advance our capital recycling initiatives, which when closed will generate \$560 million of proceeds or \$90 million net to Brookfield Renewable.

On behalf of the Board and management, we thank all our unitholders and shareholders for the ongoing support. That concludes our formal remarks for today's call. Thank you for joining us this morning.

And with that, I'll pass it back to our operator for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from the line of Sean Steuart from TD Securities.

Sean Steuart *TD Securities - Managing Director, Equity Research*

You touched on the developments you've made with corporate offtake or new contracts, and you touched on the duration for the BASF contract. I'm just wondering if you can give us a little bit broader context on the market for corporate PPAs what you're seeing in terms of price and duration. And if there's a sweet spot that you think about in terms of balancing corporate PPAs with traditional contracts and at the margin merchant exposure at this point?

Connor David Teskey *Brookfield Renewable Corporation - Managing Partner & CEO*

Sure. Thanks, Sean. Perhaps I'll start, and then I'll hand to Ruth for her to add additional color.

Maybe breaking that down into different buckets. No doubt, the 2 most important dynamics we're seeing in the market as it pertains to corporate contracts right now is, one, demand for contracting of green power continues to accelerate. Year after year, this -- the total

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quantum of demand that we're seeing from large global corporates is accelerating on an exponential basis. And short term, market conditions really have done nothing to dissuade that trajectory. But perhaps what's even more important is there's no doubt been some CapEx inflation in our sector as most sectors around the world.

And what is really interesting, and Ruth touched upon this in her remarks is we are seeing the ability to pass along those cost increases into the corporate PPAs in the form of higher prices. And we're not really seeing other adjustments as a result. It's not short of tenor, it's not a lack of inflation linkage. It's simply we are able to pass that price increase through to customers because renewables still is cheaper than the alternative of thermals, which has gone up in price even more and decarbonization and energy security trends continue to accelerate.

Perhaps the last comment I'll make before handing to Ruth is across our business for many years, the vast majority of our growth has been tied to corporate contracting. Feed in tariffs do exist and will continue to exist for a while. They have a long tail. But the vast majority of our new growth is in corporate contracting, and we expect that trend to continue. And obviously plays to our strength given our power marketing capabilities.

Ruth, I'll hand to you.

Ruth Kent Brookfield Renewable Corporation - Managing Partner of Renewable Power & Transition and COO

Thanks. I would reiterate some of what Connor had said, we've been doing this a long time. We have never seen such a wall of demand. It's never been stronger for clean renewable power. It's really 2 things: decarbonization as an imperative but moreover, economics. Look, this is going to be the cheapest strip of power that you will buy over the longer period and the one that you can fix in, whereas others are a lot more volatile as Connor has mentioned. And that's even before we hit this particularly high cycle of fundamental power prices.

The other thing I would say is, look, we've been doing this for a long time, and we are somewhat agnostic as to the nature of the contract, whether it's a new build power PPA or more traditional contracts. We look to the fundamentals, and that is what's your credit risk can we get good tenor and duration on the contract. And overall, it's a risk management proposition for us. And we have a lot of repeat customers that have journeyed from commodity type contracts with those 2 renewable new build, which has been super. And overall, I would say, you mentioned merchant's power we generally don't look to hold an of merchant power in our book. We would much rather derisk all of our positions, lock in our economics and move on to the next new builds that we have. So that tends to be how we look at things, I hope that's helpful.

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

And Sean, we missed one point, which is just your question around term. We're seeing no shortage of terms. Corporates are looking for 15- or 20-year contracts or potentially even longer really what this is, is a great insurance policy for them against volatile or higher power prices in the future.

Sean Steuart TD Securities - Managing Director, Equity Research

That's great context. Second question, with respect to the energy transition investments outside renewable generation. There was a note of focus on technologies that are economic without subsidization. Can you give us a sense how you handicap those opportunities outside of traditional renewable generation opportunities? How do you think about the other energy transition options you have with respect to not needing as much subsidization?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

Certainly. Perhaps what we can do is look at some of the things that we've done and then look forward into some of the opportunities we're seeing. If you see the expansion of the types of opportunities we've looked at from more traditional utility scale wind solar and hydro increasingly, our first step out was things like battery storage and DG. From there, we're seeing opportunities in carbon capture, where there's very well-defined revenue models that can support the business.

And the other very large energy transition asset class that is very front and center for us today is hydrogen. We remain focused on it, but we do view it as a slightly longer-term growth opportunity as the cost curve for that business comes down and ceases to rely on

subsidies.

The only other point we would add as it pertains to energy transition is we increasingly are seeing opportunities in very high-quality service providers to the power sector that really provide critical functions to clean energy around the world. And as we look at that space, we'll only pursue it if we get the right value entry point at the right risk return objectives. But we are seeing more and more opportunities in that space that could represent additional growth levers for our business.

Operator

Our next question comes from the line of Mark Jarvi from CIBC Capital Markets.

Mark Thomas Jarvi CIBC Capital Markets, Research Division - Director of Institutional Equity Research

I'm wondering if you could shed some more light on the investment in power utilities company. Just -- I know you took a direct stake in them, just maybe walk me through what point do you want to be equity investors directing entities versus providers of capital?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

Mark, great question. And we'll come at this from 2 perspectives. One, just highlight of the investment in general and then two, our approach to where we want to invest in the capital structure. What this opportunity is, is the opportunity to invest in what we would describe as a multi-jurisdictional multi-asset utility focused across a number of jurisdictions that we're very comfortable operating in, in Central and Latin America. The reason why we like this business is it's 100% operated in U.S. dollars and operates 100% under long-term contracts.

But what this business needs is capital to 1 grow and 2 decarbonize. And they reached out to us and we created a structure that we can help support them, both financially as a capital provider but also as an operating partner in achieving those goals. And really the near-term opportunity is facilitating the build-out of a 1.3 gigawatt renewables development pipeline that they have across their portfolio.

As Mark alluded to, we invested both through a preferred equity structure as well as taking a minority position in the common equity. When it comes to the exact structure of how we want to invest alongside our partners, it always comes down to 2 things. Are we getting the right risk-adjusted returns? And 2, do we have the appropriate level of influence and control? And the structure we pursued in this transaction works very well. The preferred equity investment provides very nice downside protection to our returns, while the minority equity position ensures that we have the appropriate level of influence and can really bring our operating capabilities to bear to drive the decarbonization plan at the company.

Mark Thomas Jarvi CIBC Capital Markets, Research Division - Director of Institutional Equity Research

And then you mentioned that they came to you. I'm wondering also just what the energy transition fund out there now. You've done some stuff on CCS, different deals here, you're talking about what like -- sorry, I -- what is sort of the interest coming back into you as opposed to you guys chasing deals? Like has it changed at all in the last year or so?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

I would say it's been very significant coming back to us. No doubt, we continue to have a large team around the world that is pursuing and manufacturing transactions the way it always has in the past. But no doubt that the launch and the recent conclusion of the fundraise of BGTF has been very helpful in highlighting how we can be that very helpful provider of capital as well as operating partner for businesses, one looking to scale decarbonization solutions, but two, who need a partner and a capital provider to decarbonize their own operations. And no doubt some of that inbound interest is showing up in the level of growth we're seeing in our business today.

Mark Thomas Jarvi CIBC Capital Markets, Research Division - Director of Institutional Equity Research

Okay. And then just coming back to the corporate PPA. Is there any segment of the market you're missing out smaller industrial off-takers, smaller commercial entities? Or is that just not the focus for you?

And then if power prices do fall back down, we see a little volatility, do you feel like the pace of the corporate PPA market, I guess, contracting that we've seen and you talked about being exponential growth, does that slow?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

Certainly. So in response to your first question, this is simply a decision we have made to play to our strengths. And our strengths are we can be a scale provider of green power. We can also be a provider of green power across all major technologies, whether it's distributed generation, solar, wind. But most importantly, we can be a provider of green power to global corporates, anywhere in the world that they operate. And that is something that is very, very unique to Brookfield Renewable.

The ability to follow corporates leading global corporates across all industries around the world to support the decarbonization of their operations. And our decision to do this is simply because it is where we are differentiated and we can do the largest and most attractive opportunities. No doubt, we are also doing a number of smaller deals on an ongoing basis. But our ability to differentiate on those large global partnerships is a competitive advantage that we certainly want to continue to pursue.

To your second question around if power prices come down, do we think demand for corporate PPAs will be reduced? Absolutely not. And apologies for being redundant here, but the macro drivers of our business are far bigger than short-term power prices or short-term market volatility. The trends around decarbonization, that are often set by corporates themselves that are actually outpacing government regulation, the focus on energy security. And lastly, the point around economics, all of those just continue to be solidified. And therefore, if prices are higher, prices are low, we don't see demand decelerating at all.

Operator

Our next question comes from the line of Rupert Merer from National Bank Financial.

Louka Nadeau National Bank Financial

Louka here filling for Rupert. So I'd like to know if you could give us more color on your edge book in the Northeast U.S. for your hydro segment?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

Certainly. Thanks, Rupert. So -- thank you for the question because it's a very important dynamic to highlight. There's really only 2 places across our portfolio where we hold any scale amount of merchant exposure. And that is our large hydro portfolio in Colombia; and secondly, our large hydro portfolio in the United States. And there's 2 important dynamics here. One is we are absolutely not averse to contracting these portfolios. We simply haven't wanted to do it when we think power prices were low and below, call it, run rate fundamentals. And that certainly had been the case for a number of years prior to what we've seen in, call it, the last 6 or 12 months.

The second dynamic we would highlight is when we are not long-term contracting these assets -- we do tend to enter into short-term rolling hedges just to facilitate settlement of our power sales. So therefore, we refer to it as merchant, but they're still under 6, 9 or 12-month rolling contracts. Why that's an important dynamic is when power prices began to go up in the latter part of 2021, as you move into 2022, we were already contracted under the short-term contracts well into Q1, a bit more into Q2 and on a decreasing basis into Q3 and Q4. And therefore, the benefits of the higher power prices, we are only now beginning to see flow through our results.

To put all of that together and come back to your question, given where power prices are today, we are moving quite consciously to lock in these high power prices as far as we can into the future. Obviously, only where there is liquidity in the market and 2, only to levels that are appropriate for our P50 generation. But at this point, we are locking in our hydros 2 to 3 years in the future in this market.

Wyatt Hartley Brookfield Renewable Corporation - CFO and Managing Partner of Renewable Power & Transition

And maybe, it's Wyatt here. Maybe the only thing I would just add, just to add context to the numbers is in the prior quarter, we put out a number of \$120 million from the -- over the next 5 years from the benefit of doing that, and it's really 5,500 terawatt hours that we have coming off contract that's available for the benefit of pricing and locking those in on a forward basis at today's -- at the rate at the time would have led to \$120 million of benefit per annum.

And what we say is that number has only been derisked in the sense that we have been executing. And since that point, power markets have actually seen some beneficial push upwards as well. And so there's probably a little bit of tailwinds to that as well.

Louka Nadeau *National Bank Financial*

Awesome. And now changing topics a little bit, moving to development pipeline. Are you seeing much margin pressure for the projects in the pipeline? And if yes, is there a way for you to upset? Do you have the ability to renegotiate any contract prices for some markets?

Connor David Teskey *Brookfield Renewable Corporation - Managing Partner & CEO*

Certainly. So Rupert, I'll take this, and then I'll hand to Ruth because some of the dynamics we're seeing with our interactions with customers are really constructive. What I would say is it's really this point that we have been able to increase the market price of the PPAs that we are executing to take into account the inflation that we're seeing in CapEx costs, whether it be wind turbines or solar panels. This has led to PPA prices going higher.

But I would say that the step change up in PPA prices has almost fully offset the increase in CapEx. And essentially another way of saying that is our development returns, we're not seeing significant compression. Yes, the CapEx is higher, but the PPAs are going higher to offset that.

Perhaps I'll hand to Ruth to highlight some of the really constructive conversations we're having with customers around new features and PPAs.

Ruth Kent *Brookfield Renewable Corporation - Managing Partner of Renewable Power & Transition and COO*

Yes, it's a great question, by the way. So we are having very constructive conversations, particularly with a lot of our repeat customers that we work with across the globe and coming up with different mechanisms to support delivery of their decarbonization targets in a timely fashion. So things like indices that we are used to seeing, for example, in wind supply contracts, et cetera, moving those into our PPAs and/or allowing for reopeners at different points of the CapEx cycle.

So again, I'd reiterate a number of things we said earlier. Our customers see enormous value in the long-term PPAs and the security and pricing that they're getting from us. So any escalation in CapEx is absorbable at an economic level for them and still presents a lot of value. So they really want to work with us on that rather than a scenario where they have seen a number of smaller developers just hand back contracts. Nobody wins in that scenario.

So we're working very constructively. In some cases, we're delaying slightly. In others, we're putting some mechanisms into contracts. And so that overall, we're in a good place with our economics.

The other point I would make is this is -- this situation is tending to be concentrated and exacerbated perhaps in the U.S. We have a global pipeline. So we can accelerate in some jurisdictions and pull back in others if the economics aren't coming towards us. So lots of options in the diversity of our book, to be honest.

Operator

(Operator Instructions) And our next question comes from the line of Ben Pham from BMO.

Benjamin Pham *BMO Capital Markets Equity Research - Analyst*

I wanted to ask on your development pipeline. Over the last, call it, 12 months or 18 months, how much of that increase is mostly due to acquisitions but we're just simply getting land and sites?

Connor David Teskey *Brookfield Renewable Corporation - Managing Partner & CEO*

Thanks, Ben. Great question. There's I want to come back at your question in kind of breaking things into 3 buckets. Unequivocally, you are correct. We have bought a number of businesses that come with large development pipelines. And that is the largest chunk of the expansion in our pipeline capacity over the last 12 months. We don't have a specific number for you here today, but no doubt, I would

expect that's probably about 2/3 to 70% of the expansion in that number.

But there's 2 other things that have also driven the remaining, call it, 1/3 or 30%. One is our operating teams around the world in every jurisdiction that we operate in now, we have a local Brookfield Renewable boots on the ground development team that is doing their own greenfield development, securing their land, getting permits, securing grid connection, that is driving that number a little bit higher.

And then the last point, which perhaps is the most relevant is a number of the businesses we have bought over the last, call it, 6 or 12 or even 24 months, we've bought development platforms that one come with an existing development pipeline, but also come with teams that continuously grow those pipelines. We've seen X-Elio, we've seen Urban Grid, we've seen Sunovis. We've seen our DG business. When we bought those businesses, they came with the development pipeline, but under our ownership, they've also organically grown those pipelines higher.

So I don't know if you put that third bucket in M&A or organic. It's a bit of a mix of both, but that's a very significant amount of the increase as well.

Benjamin Pham *BMO Capital Markets Equity Research - Analyst*

Okay. Great. And I'm just thinking to that when -- do you think that for the development projects you're acquiring, you're paying very little value for it in the initial price? But you're basically probably accelerating by years the ability to crystallize value.

Connor David Teskey *Brookfield Renewable Corporation - Managing Partner & CEO*

Certainly. There's no doubt that the development pipelines we've acquired over the last 12 to 24 months are more valuable today than at the time that we bought them. As many of those development assets are not only worth more, but there's the opportunity to pull those assets forward and pull them out of the ground and therefore, on an NPV value basis, simply bring those cash flows forward and increase their value that way.

The other thing I would highlight is when we buy developers, it is probably flippant to say there's a free auction on the development pipeline that is probably unfair. But when we do our due diligence in underwriting, what we do is we look at what is operating, what is very advanced, and we look at all the different stages of assets in the development pipeline and typically go site by site to determine the probability of those assets coming through and coming out of the ground in the near term.

And what I would say is you do attribute some value to the optionality of some of the early-stage projects but I would say that the value we attribute to those is very, very low, and we've probably seen some significant gains there over the last 12 to 18 months.

Benjamin Pham *BMO Capital Markets Equity Research - Analyst*

Yes. I guess you got to take first on the sweat equity. I'm also wondering lastly, there was a comment earlier around, I don't know, that's redeploying capital. Maybe you can be more flexible on where you want to invest geographically. Are you -- can you talk about just areas where you've maybe pulled back from focus and other side areas where you spend a bit more time on?

Connor David Teskey *Brookfield Renewable Corporation - Managing Partner & CEO*

Certainly, it's a good question. I would say if we think about our global portfolio right now, most of our regions are really firing on all cylinders, and that's because the global trends are -- sorry, the trends driving our business are global in nature. No doubt the vast majority of our activity in the last 12 months has been in the United States. There has been a concentration there in the last 6 months.

But I would say our general rule of thumb of, call it, 75% of our business being in developed countries, primarily in North America and Europe, that largely holds. And that's because we don't necessarily do more deals in those geographies, but that certainly tends to be where we do the largest transactions, some of this is highlighted in our shareholder letter, but in just the last quarter, we continue to see growth in our Brazil business, our Indian business, our Asia Pacific business. So there's nowhere that we're really seeing things decelerate in the current environment.

Operator

Our next question comes from the line of David Quezada from Raymond James.

David Quezada Raymond James Financial, Inc. - Vice Chairman of Investment Banking & Head of Technology Equities

My first question here, just on the JV and the investment with California Resources Corporation. Just curious what kind of role you'll take there aside from an investing role? Will you help finding offtake counterparties or anything like that?

And just any thoughts around whether or not you could see synergies between that carbon capture investment and other ones you're making maybe down the road?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

Certainly. So maybe just to -- thank you for the question, David. Maybe to highlight why we're so attracted to the JV. We obviously made our first investment in carbon capture earlier this year, an investment in a company called Entropy in Alberta, Canada. Prior to making that investment, we did a global review in our core geographies of which markets we thought were the most attractive for CCS. And the markets we came up with were Alberta, California and some markets in Europe.

So the first thing we really like about the partnership with CRC is we think it targets one of the most attractive markets globally for CCS. And then secondly, once we're targeting the most attractive market, we feel we are partnered with the most well-positioned counterparty. CRC is one of the largest nongovernment landowners in the state. Therefore, they have access to both land rights and mineral rights that gives them access to significant amounts of potential poor space. And they also have some of the most advanced permits for CCS in the United States.

So what are we bringing to the partnership? You absolutely nailed it. It's not just capital very similar to how we leverage our relationships with corporates around green power, some of the largest potential customers of the CRC JV are some of our largest existing power customers. So we see significant overlap and synergies there.

And then secondly, not dissimilar to what we see across our hydro business, our solar business. As we add more platforms and more businesses in the CCS space, there is simply the ability to share best practices, share knowledge, share wins to enhance all of our investments. And we think both Entropy and CRC will benefit from that. The fact that we own both those platforms and potentially could own other CCS platforms in the future.

David Quezada Raymond James Financial, Inc. - Vice Chairman of Investment Banking & Head of Technology Equities

That's great color. And then maybe just one more for me. There's some commentary in the release about trying to move as fast as possible to build new projects in Germany. Just curious if there are any goalposts you can provide around the size of that opportunity? And yes, just any other opportunities that maybe you could see more broadly in Europe related to that high power price environment?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

Certainly. And there's 2 things that are helping that ability to accelerate projects. One, there's obviously very, very strong demand. What is happening due to the energy environment in Europe is essentially every major government, yes, they are taking some short-term measures to try and reduce energy prices. But the long-term solution is the accelerated build-out of renewables.

So in Germany, what I would say is our total investment in our German solar business that we bought right around the turn of this year, we probably accelerated our capital deployment in totality, about 40%. So a fairly material step change, and that's probably a good proxy of some of the opportunities we're seeing.

But the other point that's really helpful is that this is not just driven purely by economics. One shift we are seeing in Europe, and it absolutely has room to run is governments are working to reduce some of the obstacles around permitting and building renewables and working to accelerate the process of bringing projects out of the ground and we've seen that across a number of markets in Europe, and that's no doubt benefiting our ability to pull some of those projects forward.

Operator

And our next question comes from the line of William Grippin from UBS.

William Spencer Grippin UBS Investment Bank, Research Division - Director & Equity Research Associate of Utilities

First question here. You've talked in the past and a little in the press release about locking in your component prices when you're signing contracts with customers. Just curious if you could speak to any component availability and how that's looking particularly in the U.S., just given UFLPA enforcement has taken effect and any impacts you're seeing there?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

Certainly. So I'll start, and then I'll hand to Ruth. We continue to see the very dramatic benefits of: one, the global scale of our business; and two, our centralized procurement capabilities. And what I would say is as it pertains to some of the supply issues related to equipment procurement across our portfolio. We are not immune to it in that it is taking significant amounts of our team's time and effort, but it is very manageable for us given the capabilities we have and the relationships we have.

So it is taking a lot of effort and a lot of time, but we are managing through quite well, and it's certainly not having any noticeable or material impact on our business. Perhaps, I'll hand to Ruth to provide some more additional color.

Ruth Kent Brookfield Renewable Corporation - Managing Partner of Renewable Power & Transition and COO

Yes. Sure. Connor is right. We're staying a awful lot of time on this topic. Look, supply chain continues to be disrupted, particularly as it pertains to the U.S. That, ironically, is providing some tailwinds elsewhere in terms of being able to procure equipment. So not all bad in our book.

Our global supply chain team based out of APAC and also in North America are working their way through this. The counterparts that we were dealing with on the solar side are adjusting traceability with regard to that UFLPA is going further than they expected. And I think it will just take time for those supply chains to adjust to that new requirement.

As Connor mentioned, look, we're not materially affected because of our global diversification. The U.S. challenges are a tailwind to other jurisdictions. And within the U.S., it's more for us about the timing of our pipeline. That's helping. And we have some flexibility, as we mentioned earlier, with our counterparts, who are being very constructive where we need them to be.

So managing our way through it, overall, not material to our business, fortuitously because we didn't have a deep concentration of activity in this period in the U.S. We're global. So that has helped. This adds more to go, I think, we'll be talking about it for a while.

Operator

(Operator Instructions) Our next question comes from the line of Andrew Kuske from Credit Suisse.

Andrew M. Kuske Crédit Suisse AG, Research Division - MD, Head of Canadian Equity Research and Global Co-ordinator for Infrastructure Research

Connor, if you could maybe just give us some perspective on any organizational constraints you see right now in the renewable group? And I asked the question in part because capital doesn't seem to be lacking -- opportunities doesn't seem to be lacking given the pipeline that you have, economics can vary, and that can -- ebb and flow but you've also got a global platform, supply chain issues we mentioned earlier, but that also varies by region. So maybe just step back in big picture of the organization, what constraints exist for you to really accelerate growth to even another level from where you are now?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

Certainly. And I appreciate the question, Andrew. No doubt, a big focus from our side on the operational level is scaling up our team. And that has been both enhancing the amount of resource we have on the investment side, but you nailed it, in particular, the operating side as well. And we've been looking to scale up our resources, I would say, in all of our markets over the last 2 years. And well -- it is a competitive market out there for acquiring and retaining talent.

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I would say we feel very, very good about our position in the number and quality of people we've brought on board. It's absolutely not going to slow down. Our capital, as you mentioned, is growing the scale of our operations is growing. So we'll continue to scale our people as well.

In terms of limitations on the growth of our business, we're thrilled about this quarter. We're thrilled about how our operations were performing. We're thrilled about the level of growth. And what excites us is we have very good visibility on this level of activity continuing throughout the remainder of 2022.

So, while our business is growing and we are requiring a global scale up of our operations, we're certainly not seeing bottlenecks at this point, but it's something that we absolutely need to stay on top of as we take these, call it, step changes in terms of growth.

Andrew M. Kuske *Crédit Suisse AG, Research Division - MD, Head of Canadian Equity Research and Global Co-ordinator for Infrastructure Research*

Appreciate that color. And then maybe just building upon some of your comments. Does the dynamic of being inherently local in multiple markets, and then effectively, that becomes global to a certain degree, does that help your competitive offering on attracting and retaining talent?

Connor David Teskey *Brookfield Renewable Corporation - Managing Partner & CEO*

It absolutely does. And it also provides a different benefit, which is not all markets accelerate at the same pace. And we often, when we see opportunities in a specific region, we will pull resources from another region that have relevant experience or relevant knowledge to help us in either growing a business or doing due diligence on an acquisition.

So I think the scale and growth of our platform is attractive to market participants in the space, who are looking for roles. But the other thing that we shouldn't underestimate the benefit of in terms of our global platform is the ability to pull resources from any geography or any expertise or any asset class and deploy those resources into a specific transaction if they can be useful. We've seen this all over the world, if we're entering a new asset class in a specific geography, we don't learn from 0. We pull very high-level knowledge from other parts of the organization to that region such that we can start ahead of the game and simply accelerate from there.

Operator

Our next question comes from the line of Naji Baydoun from IA Capital.

Naji Baydoun *IA Capital Markets, Research Division - Senior Equity Research Analyst*

To go back to the topic of M&A, clearly have good liquidity, and there's not really a rush or need to sell assets to fund growth. I'm just wondering if you can talk about bit more where you're seeing sort of large-scale opportunities? You've been very successful this year with M&A. Just wondering about the dynamics between smaller scale versus larger scale deal flow.

Connor David Teskey *Brookfield Renewable Corporation - Managing Partner & CEO*

Certainly. Thanks, Naji. Perhaps the most interesting thing in the current environment is you mentioned it, we're quite fortunate to have very significant access to capital. Our balance sheet is in a fantastic position. Over the last 12 months, we've pulled forward a lot of our financing activities we have very little to do over the next 12 months. So we are sitting on significant amounts of liquidity plus we have our partner capital through the Brookfield Global Transition and Brookfield Infrastructure funds.

We think this could really help in terms of M&A growth as we look forward in the short to medium term. No doubt, capital markets are a little bit more volatile and those market participants that rely on the capital markets in order to execute M&A may be a little bit less competitive or a little bit more active in the short to medium term. We are not burdened with those restrictions, and therefore, we do think M&A will remain quite active, certainly throughout the remainder of this year.

Naji Baydoun *IA Capital Markets, Research Division - Senior Equity Research Analyst*

Would you say that in the current market, you're seeing better returns on M&A versus development assets?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

It's a good question, perhaps what I would say is they're certainly not worse. I'm not sure we're quite at the point where we're seeing distressed sellers. I think that would be a misrepresentation of the current market. But what we are seeing is when we look at assets, there are simply less market participants due to the current economic environment. So maybe there is some small upside to returns, but perhaps better characterize it absolutely not worse.

Naji Baydoun iA Capital Markets, Research Division - Senior Equity Research Analyst

Okay. That's helpful. And maybe just staying on the topic of competition. I think SSE Renewables provided some very interesting details about your joint bid in the offshore wind market in Netherlands. Are you seeing more of these types of opportunities of being able to offer maybe more complex structures versus, let's say, a straightforward government subsidy or versus even your competitors in different markets? And where do you think that strategy of having more tools and toolbox can really play to your advantage?

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

The strategy of having more tools in our toolbox, that's been our game plan for years. And there's 2 things we focus on is, one is exploiting the benefits of having those additional tools, but two, constantly adding new tools to our toolbox. And a great example of that is, now we have carbon capture as a decarbonization solution that we can offer to our biggest customers around the world. We didn't have that 12 months ago.

In terms of what I would say, Brookfield Renewable, our approach to growth has not changed. We don't compete on cost of capital. We look for opportunities where we can be differentiated, either by our size, our global reach, our operating capabilities or our ability to craft a unique solution that is mutually beneficial for both us and our counterparty. And in the current environment, there's certainly a lot of opportunities to do that, because both counterparties are looking for those unique solutions, and there are simply less market participants who are well positioned to execute.

Operator

This does conclude the question-and-answer session of today's program. I'd like to hand the program back to Connor Teskey for any further remarks.

Connor David Teskey Brookfield Renewable Corporation - Managing Partner & CEO

Great. We thank everyone for joining the call and the support of our business, and we look forward to providing you an update at (inaudible) Thank you, and have a great day.

Operator

Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.

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