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Q4 2022 Brookfield Renewable Corp and Brookfield Renewable Partners LP Earnings Call

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## FEBRUARY 03, 2023 / 1:30PM GMT, Q4 2022 Brookfield Renewable Corp and Brookfield Renewable Partners LP Earnings Call

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**Julian D.N. Thomas** *Brookfield Renewable Corporation - MD of Renewable Power & Transition*

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

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**Sean Stuart** *TD Securities Equity Research - MD*

### PRESENTATION

#### Operator

Good day, and thank you for standing by. Welcome to the BEP Brookfield Renewable Fourth Quarter Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Connor Teskey, Chief Executive Officer. Please go ahead.

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#### **Connor David Teskey** *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition*

Thank you, operator. Good morning, everyone, and thank you for joining us for our fourth 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 on our website. On today's call, we will provide a review of our 2022 performance and growth initiatives. Then Julian Thomas, who heads up Strategic Initiatives within our group will discuss how we are harnessing our partnership with institutional capital to accelerate our growth. And lastly, Wyatt will conclude the call by discussing our operating results and financial position. Following our remarks, we look forward to taking any of your questions.

We have had another successful year, continuing our track record of double-digit average annual FFO growth for over a decade. We generated funds from operations of over \$1 billion or \$1.56 per unit, an 8% increase over last year as a result of the stability of our high-quality cash flows, organic growth and commercial initiatives and contribution from acquisitions. We agreed to deploy capital well ahead of our targets, growing in every market we operate, while dramatically expanding our renewables operations and making our first transition investments. We also delivered record performance from our development activities with 19,000 megawatts of capacity either under construction or in advanced stages. As well as we increased our global development pipeline to almost 110,000 megawatts. We are now in the early days of more of these high-returning development dollars beginning to flow through our income statement, a trend that we expect to continue as more and more of our projects reach commercialization. As it relates to capital deployment, 2022 has been our strongest year-to-date. We closed or agreed to invest up to \$12 billion or close to \$3 billion net to Brookfield Renewable which will be deployed over the next 5 years. This represents almost half of our growth target for that period.

The investment environment for renewables remains highly compelling. Renewables low-cost energy profile, combined with the themes of corporate clean energy demand, electrification and energy independence continue to be key trends accelerating renewable deployment. Our disciplined approach to investing and long history of owning and operating renewables enables us to capture some of the most attractive opportunities going forward. And as Wyatt and Julian will discuss later, we maintain a best-in-class balance sheet,

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robust levels of liquidity and access to diverse and deep pools of capital, including our ability to invest alongside large-scale institutional capital which enables us to execute on sizable transactions that generate strong risk-adjusted returns.

During the year, we agreed to invest up to \$6.4 billion or \$1.4 billion net to Brookfield Renewable of capital into our renewable development initiatives through both organic growth within our existing business and by acquiring new complementary platforms that enhance our current offering. This includes our investment in 3 large renewable development businesses in the United States. Urban Grid, Standard Solar and Scout Clean Energy. These investments enhance our position in what is our largest market bringing our total size to 74,000 megawatts of operating and development capacity in the U.S. Since acquiring these businesses, we have worked quickly to integrate them into our overall U.S. platform and have begun executing on the business plans we set out. We are already seeing strong performance from these new investments. They are all benefiting from the Inflation Reduction Act and strong corporate demand which is enabling us to accelerate the development pipelines and grow these businesses beyond our original underwriting expectations.

Turning to nuclear power. As many are aware, we formed a strategic partnership with Cameco to acquire Westinghouse, one of the world's largest nuclear services businesses and a critical player in the energy transition. We are moving forward with obtaining the required approvals for this investment and are on track to close the transaction in the second half of 2023. The business is performing well and we are already seeing benefits of the investment beyond our underwriting as nuclear is increasingly recognized as a provider of clean, dispatchable baseload power generation.

As an example, the Polish government announced that it has selected Westinghouse's AP1000 technology for the build-out of the first 3 of its planned large-scale nuclear reactors. This is a key step towards the country achieving its decarbonization targets and greater energy independence. We are also progressing our transition asset investments including most recently, our investment in California Bioenergy, a leading California-based developer operator and owner of RNG assets where we have the ability to invest up to \$500 million or \$100 million net to Brookfield Renewable in downside protected convertible structures that support the development of new agriculture renewable natural gas assets. This investment is another in the continuation of our strategy of entering into high-growth transition asset classes that are complementary to our core renewables business.

Similar to carbon capture and storage, recycling and renewable natural gas, we have invested through small upfront capital deployments with experienced partners through investment structures that provide us with downside protection, discretion over future investments and significant potential upside returns on our capital. As we enter 2023, our business has tremendous momentum. As a leading global clean energy company with deep access to capital, we are uniquely positioned to execute on the most attractive clean energy and decarbonization investment opportunities around the world. Given our strong financial and operating performance, robust liquidity and positive outlook for the business, we are pleased to announce a 5.5% increase to our distributions to \$1.35 per unit on an annualized basis. This is the 12th consecutive year of at least 5% annual distribution growth since 2011 when Brookfield Renewable was publicly listed.

With that, we will now turn it over to Julian to discuss the importance of our capital sources in supporting our growth.

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### **Julian D.N. Thomas *Brookfield Renewable Corporation - MD of Renewable Power & Transition***

Thank you, Connor, and good morning, everyone. We have said for many years that the strength of our balance sheet and our ability to invest alongside large-scale institutional capital represents a significant competitive advantage. We have always prioritized capitalizing the business with a strong investment-grade balance sheet, utilizing long-duration nonrecourse debt and maintaining high levels of liquidity. This allows us to maintain a low-risk financial profile and focus on financial strength and flexibility so we can invest throughout the cycle. We believe this is critical to our long-term success as it contributes meaningfully to the compounding of our cash flows and the total returns delivered to our unitholders.

In addition to this approach is our structure of investing alongside Brookfield's private funds, which provides access to scale, long-term institutional capital enabling us to target sizable deals where there is often limited competition. At Brookfield, we manage capital for more than 2,000 institutional clients that collectively have trillions of dollars of capital under management to invest. This means we have the ability to target multibillion dollar transactions and smaller investments that are, in many cases, far more competitive. We believe this structure is often underappreciated by the market. However, we think it represents a very meaningful competitive advantage

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for our business, particularly in this economic environment. Combined with our platform capabilities, this means that on a recurring basis, we can generate strong risk-adjusted returns by executing some of the most attractive, large-scale decarbonization opportunities. Investor appetite for energy transition remains very strong. We have significant institutional demand to invest alongside experienced owners, operators and investors like us. The success of Brookfield's first transition fund demonstrates this.

We raised \$15 billion establishing the world's largest private fund dedicated to facilitating the global transition to a net-zero economy. The fund features some of the largest commitments in Brookfield's history with around 30% coming from new clients, illustrating investor desire to allocate meaningful capital towards energy transition. A key part of Brookfield's private fund strategy is developing relationships with large pools of long-term private capital, who seek the opportunity to invest alongside us. Both by investing in our private funds and also directly in our investments as co-investors. The program both enhances our access to capital and provides another source of liquidity. Our Westinghouse investment, given its size, is a great example of our co-investment program in practice. We've had strong interest from our LPs to co-invest with us in Westinghouse and the process is moving along well.

Today, access to capital is limited for some market participants. So accessing this funding source represents an even more meaningful competitive advantage. Institutional capital supports our ability to invest in great businesses, and achieved strong results that maximize long-term returns for our investors. The scale of our transition fund and the institutional relationships and capital it brings is another meaningful step change in our funding strategy that will continue to employ as we grow our business and seek large-scale attractive investment opportunities.

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

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

Thank you, Julian. As Connor mentioned in his earlier remarks, we had strong results in the quarter as our operations benefited from strong global power prices and continued growth both through development and acquisitions. We generated FFO of over \$1 billion or \$1.56 per unit, reflecting solid performance and an increase of 8% versus the same period last year. Our business is backed by high-quality cash flows in large part from our perpetual hydro portfolio which has become an increasingly valuable source of clean, baseload power as more intermittent renewables come online.

With over 5,000 gigawatt hours of generation available for recontracting across our portfolio over the next 5 years and the positive pricing environment for our hydro portfolio, we have significant capacity across our fleet to execute on accretive contracts that we expect to contribute additional FFO and generate a low-cost funding source for our growth.

Our financial position remains excellent, and our available liquidity is robust, providing significant flexibility to fund our growth. Julian already touched on the importance of our access to capital and maintaining a strong balance sheet. We are resilient to the rising interest rates globally with over 90% of our borrowings being project level, fixed rate nonrecourse debt with an average remaining term of 12 years, no material near-term maturities and only 3% exposure to floating rate debt.

Despite market volatility, our access to deep and varied pools of capital continues to be differentiated. We have approximately \$3.7 billion of available liquidity giving us significant financial flexibility during periods of capital scarcity. During the year, we secured approximately \$10 billion of nonrecourse financings across the business, resulting in approximately \$1.2 billion in our financing proceeds to Brookfield Renewable. We are also accelerating our capital recycling activities which are both an accretive funding lever and a critical part of our full cycle investment strategy. We continue to see a very constructive environment for selling de-risked, appropriately-sized mature renewable assets to lower cost of capital buyers and we are advancing numerous capital recycling opportunities in this regard. We have initiated several processes where we have successfully completed our business plan and executed on our investment thesis. These assets could generate up to \$4 billion in aggregate, approximately \$1.5 billion net to Brookfield Renewable of proceeds when closed and provide significant incremental liquidity in the coming quarters.

In closing, we remain focused on delivering 12% to 15% long-term total returns for our investors. To do this, we will continue to be disciplined allocators of capital by leveraging our deep funding sources and operational capabilities to enhance value and de-risk our business. On behalf of the Board and management, we thank all our unitholders and shareholders for the ongoing support. We are

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excited about Brookfield Renewable's future and look forward to updating you on our progress throughout 2023.

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.

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### QUESTIONS AND ANSWERS

#### Operator

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

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#### Sean Steuart *TD Securities Equity Research - MD*

Thank you, good morning. A couple of questions. With respect to the broader asset recycling plan that you laid out, Wyatt, beyond the Mexican solar portfolio, can you give us any context on the regional or technology focus for that asset sale program? And further to that, any guidance on returns you expect you'll be able to crystallize through those initiatives.

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#### Connor David Teskey *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition*

Sure. Sean, it's Connor. Perhaps I'll take that. We probably don't want to comment on any of the live sales processes that we have going, but we're certainly happy to provide some incremental color. The background to this is during the second half of 2022, we saw significant inbound from potential buyers for a number of our businesses. And what we're finding is those inbounds are particularly coming on businesses that we feel we have largely derisked and we've largely executed our initial investment thesis in our initial business planning. And that's when we like to sell assets. When we have an interested buyer, and we've completed the derisking and value creation process that we initially set off to do.

What I would say in terms of locations, it's what we would probably say is the vast majority of capital recycling that we see the potential for in the next few quarters is largely in the Americas, both North and South America for us. And then in terms of IRR, we're very, we absolutely recognized that underlying rates have gone up, but we have not seen much, if at all, any widening in terms of target investor returns on a total IRR basis in the inbound price indications that we have seen. So we continue to monitor that, but we do still see a very, very constructive bid for derisked, high-quality renewables assets, and those are the types of things that we'd look to sell as part of this program.

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#### Sean Steuart *TD Securities Equity Research - MD*

Thanks, Connor. That's useful detail. Second question, in your supplemental information, the build-up of your advanced stage development pipeline, for 2023, it looks like there's quite a bit added to your Asia platform, at least compared to the guidance you gave a quarter ago. Can you give us any detail on what's been added to that particular piece of the development platform?

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#### Connor David Teskey *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition*

Yes, certainly. So I'll start and, Wyatt, if I miss anything, please don't hesitate to jump in. There's 2 things in particular that have been added that jump to mind. One is in India, in the latter part of last year, we've pursued this strategy of building out renewable energy parks in India. And that is a somewhat unique strategy within India, where you buy large plots of land that have a strong grid connection and you can build out renewables over multiple phases and sell the power from those projects to multiple offtakes.

We've done a number of those transactions in the latter part of the year, and that would certainly be inflating that number. The other thing that I would highlight is our previously announced arrangement with BASF, where we are looking to build renewables for them in China that will be directly contracted to a new large chemical production facility that BASF is building in the region that they want to be supported by green power. That is a very sizable arrangement we have with them. We're talking gigawatts, and that is another thing that would support the pipeline in Asia.

Wyatt, I'm sure that covers most of it, but anything else you would add there?

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

The only other thing, Connor, I would add is we had, in past, highlighted our rooftop solar business in China, where the business, or the momentum for that business continues to build. And so we are seeing a little bit more activity out of that business, but you highlighted the majority of them, Connor.

### **Sean Steuart TD Securities Equity Research - MD**

That is great. Thank so much guys.

### **Operator**

Our next question comes from the line of Robert Hope with Scotiabank.

### **Robert Hope Scotiabank Global Banking and Markets, Research Division - Analyst**

Good morning, everyone. Maybe hoping you could comment on what your investment pipeline looks moving forward in terms of, we'll call it, asset acquisitions or maybe larger platforms, any geographies or assets that are looking the best. And you mentioned that inbound indications for pricing have been changed on your end, but what about assets that would require maybe a little bit more work on the financing or contracting side. Thank you.

### **Connor David Teskey Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition**

Thanks, Rob. And no doubt, the pipeline remains strong. And there's probably 2 key things that we would highlight. Clearly, in 2022, and we'll make a comment here that we've made previously. If we go all the way back to 2021, we looked at buying a lot of renewable development platforms in our core markets around the world. We did a lot of due diligence processes. We analyzed a lot of opportunities but we found the market was very, very frothy, and we struggled to see things where we were comfortable with the value entry point.

As we moved into 2022, there were a number of things in the market, a little bit of macro uncertainty, rising rates, some supply chain pressures that perhaps other market participants aren't as well suited to manage through. We saw tremendous opportunities in 2020 through 2022, sorry, to buy renewables developers, high-quality renewables developers in our core markets at entry points that quite frankly, we would have fallen out of our chair to execute on in 2021.

One big theme as we enter 2023 is we see that dynamic continuing. We do see that dynamic continuing in the early part of the year, and we are seeing the ability, we believe, to acquire renewable development platforms where we can, obviously, use our corporate capabilities to enhance those businesses, we're still seeing attractive value entry points there and hope to execute some of those transactions in the near term.

If that's point one. The other thing that we would highlight is with the rise in rates and some of the market uncertainty and perhaps capital scarcity, in the market, we do believe that we are going to see more opportunities in 2023 to buy operating assets than perhaps we saw in last year or the year before that. So that continues to be an increasing portion of our pipeline, something we're obviously excited to see begin to come back in the strike zone.

### **Robert Hope Scotiabank Global Banking and Markets, Research Division - Analyst**

I appreciate the color. And then maybe a follow-up there. If we take a look at your development pipeline, you have accelerated some investments into 2023, how are you looking at the supply chain? Are most of the issues behind us as well as inflation. Do you have a good handle on that to give you the confidence to further accelerate development into 2023?

### **Connor David Teskey Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition**

Yes. So we'll perhaps split that into 2 chunks. The one thing I would say about our 2023 pipeline and as referenced in the supplemental, we see 2022 was our biggest year of development on record. We brought 3.5 gigawatts of new projects online. As we look to 2023, that number is sitting today, we expect to bring about 5 gigawatts online. The first thing we would highlight is of these 2023 projects, a large portion of that 5 gigawatts in our minds is very largely derisked at this point. A lot of it is either under construction or it's already fully

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contracted. And we often make the comment that funding is secured in a lot of these projects, all the funding is already in the ground. We don't need to contribute any incremental equity to get those projects across the line. So our confidence on delivery in 2023 is very strong.

When you speak about the supply chain issues, for us, we think about that probably beyond 2023 because our 2023 is very well wrapped up. And I think there's probably 2 dynamics to consider there. One is on a global basis, we're really seeing the cost of solar modules dropped significantly. In the past year or so, we've seen them quoted as high as, call it, \$0.40. Now we're largely seeing that prices in the low \$0.20. So not all the way back to where they were in 2019, but the majority of the way back. The one place where there continues to be some uncertainty and management of the supply chain required continues to be the United States. But the good news is there is with the benefits of IRA and the things we can do with our central procurement system, putting orders in ahead of time working with our key suppliers, we definitely see the supply chain in total getting much easier to manage than where we were 6 or 12 months ago. So it's definitely a good news story from both an execution and an economics perspective.

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**Robert Hope Scotiabank Global Banking and Markets, Research Division - Analyst**

That is great. Thank you.

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**Operator**

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

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**Rupert M. Merer National Bank Financial, Inc., Research Division - MD and Research Analyst**

Hi. Good morning. Just following up on the U.S. solar development question. Can you talk a little about how the availability of grid interconnections is evolving? And are you seeing an increasing competition for interconnection spots?

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**Connor David Teskey Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition**

Thanks, Rupert. I appreciate you asking it because it's one of our favorite questions. The focus on grid connection and interconnection availability is certainly something that has grabbed much more headlines across the industry, I would say, in the last 6 or 12 months. And as it should, as part of any development process, you need to secure land, you need to secure grid connection and you need to secure permitting. From there, you need to get equipment and EPC in a contract. But you need those first 3. And with the amount of renewables going on to grids around the world, there's probably very few grids around the world that the value of high-quality interconnection hasn't gone up in recent years. The reason why we really like this question is, this is something that we've been focused on probably now for 4 or 5 years. And when we assess developers and the quality of their pipelines, we've always been taking into account what rig connections they have and where do they fit within the interconnection queue when valuing those pipelines and the likelihood and the economics at which they can be built out.

A great example of this is Urban Grid, which we bought last year. One of the reasons why we felt we saw value in that platform where maybe perhaps didn't is we feel that Urban Grid has an incredibly strong portfolio of positions in the PJM interconnection queue that most would recognize PJM is a very high-value market for renewables development. So this will continue to be a focus, but we feel it's something that we have well in hand, not because of our work in the last 6 or 12 months, but because of our work over the last 4 or 5 years.

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**Rupert M. Merer National Bank Financial, Inc., Research Division - MD and Research Analyst**

Okay. But it doesn't sound like it's going to limit your pace of growth.

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**Connor David Teskey Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition**

Not at all. In fact, when we lay out our expected pipeline and the projects that we want to bring online, that already takes into account our views of when we'll get those grid connections.

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**Rupert M. Merer *National Bank Financial, Inc., Research Division - MD and Research Analyst***

Thanks. And a follow-up on the asset recycling question. Would you consider recycling any of your hydro assets in North America. And if you do, how do you assess the value of those today versus the value of solar and the wind asset given some of the storage potential?

**Connor David Teskey *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition***

Yes, certainly. We will always do what is in the best interest of ourselves and our unitholders in terms of capital recycling, where will we allocate capital, where will we seek to recycle some assets. We do believe that our portions of our hydro portfolio around the world are truly irreplaceable assets. And they have a long runway of continued value growth given their ability to not only provide baseload clean, dispatchable power but also the ability for them to provide grid stabilizing ancillary services to electricity grids that increasingly are going to have more intermittent renewable wind and solar connected. So would we sell those assets at the appropriate price. Absolutely, but only at a price that we feel takes into account that extremely robust outlook for those assets that we're seeing from our vantage point.

**Rupert M. Merer *National Bank Financial, Inc., Research Division - MD and Research Analyst***

Thank you, I will leave it there.

**Operator**

Our next question comes from the line of Ben Pham with BMO Capital Markets.

**Benjamin Pham *BMO Capital Markets Equity Research - Senior Energy Infrastructure Analyst***

Thank you. Also a question on the U.S. market. And I'm wondering how do you see your U.S. initiatives shaking out the next couple of years. I know you mentioned accelerating some of the projects there, but do you think the development backlog is going to increase? Is it some M&A around the corner? And then maybe share a little bit? I know you mentioned that your centralized purchasing a competitive advantage, but anything else you can share in terms of how you position yourself in the U.S.?

**Connor David Teskey *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition***

Certainly. So it's a good question, Ben. I think the thing to recognize about our U.S. platform, is there's 2 things that differentiate us in the U.S. at a level that is very, very tough for almost any other platform to match. And those 2 things are, one, the scale of our platform; and two, the fact that we have a very diverse set of renewable technologies at a scale in the U.S. And that's really driving our business in 2 different ways. One, we are seeing increasing opportunities to provide unique contract solutions in the U.S. And when I say unique, they could be unique in a multiple of different ways, but I'll give the first example. We have over 70,000 megawatts of operating and development capacity there. We can provide green power on a scale in the U.S. that very few others can. So when you're thinking of the largest corporate procurers of green energy in that market, we can satisfy not only their existing needs, but their growing needs in the future in a meaningful way. The other thing that we're increasingly seeing, in particular in the U.S. given not only the size but the breadth of our portfolio is to use our different asset classes together to provide unique solutions to our customers. That might be pairing one of our hydro assets with wind and solar projects in the regions to provide 24/7 green power solutions to a customer that wants 100% clean energy. So the U.S., it's our biggest market today, but it's also the market that we saw the most amount of M&A deployed into last year and the most amount of development progressed last year. Different years might ebb and flow, but the U.S. is always going to be one of our most active markets for at least the foreseeable future.

**Benjamin Pham *BMO Capital Markets Equity Research - Senior Energy Infrastructure Analyst***

Okay. Interesting. And are you still the most bullish on solar then in terms of your technologies?

**Connor David Teskey *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition***

Yes. So I think it's important to recognize we see solar as the fastest-growing technology in terms of megawatts that will be added to the grid on a global basis because it is the cheapest form of bulk electricity production in most markets, and it is on a relative basis less operationally intensive to one build and to maintain. So today, I would say that as we look at grids in major markets around the world, we would probably expect solar to be the fastest-growing renewable technology.

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In terms of where we will invest our capital, we're completely indifferent. We'll go wherever we see the most attractive risk-adjusted returns, and we're seeing things across all technologies in the current environment.

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**Benjamin Pham** *BMO Capital Markets Equity Research - Senior Energy Infrastructure Analyst*

Okay. And maybe one last question on the countries. Is there a country or region that you're maybe initially looking at right now that you want to be in potentially in 5 years?

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**Connor David Teskey** *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition*

Yes, sure. So we've said for many years now that we're in all the regions around the world where we feel the need to be there. Obviously, last year, we made our first investments in Australia. We set up a team there. In fact, in this last quarter, we brought our first project online. That's a market that we'll continue to look at opportunities in. And I would say we'll continue to expand in Europe. We're not a large player in all the European markets, and they do have slightly different electricity grids and we're seeing very, very strong moves by many regulatory bodies and governments in Europe to enable the faster build-out of renewables as that continent, if you will, tries to establish a greater form of energy security.

So I would say, we're not talking any major changes beyond our historic geographical footprint, but probably just deepening our positions in what we already consider to be our core markets.

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**Benjamin Pham** *BMO Capital Markets Equity Research - Senior Energy Infrastructure Analyst*

That is very helpful Connor, thank you.

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**Operator**

Our next question comes from the line of Frederic Bastien with Raymond James.

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**Frederic Bastien** *Raymond James Ltd., Research Division - MD & Equity Research Analyst*

Good morning. Brookfield Infrastructure said yesterday, it's taken some modest positions in publicly traded stocks. When you think about adding or acquiring operating assets to your portfolio, is the opportunity more weighted towards corporate carve-outs right now? Or are you also seeing good opportunities for private transactions?

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**Connor David Teskey** *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition*

Yes, I would definitely say it's both. In the last, call it, 12 to 18 months as demonstrated by the transactions that we've done, we've really focused on a lot of businesses that are, what you would call, pure-play developers. We felt like a lot of those -- the pipelines in those businesses were very far advanced. There were projects that were either under construction or about to come online, but very few of them had operating assets. Even when you look at something like Scout Energy that we did at the end of last year, you could already see the market moving in that direction as when we bought Scout, it comes with not only a very large pipeline of future development opportunities, but a large portfolio of operating assets as well. So we are seeing opportunities on the private side as well. But no doubt, the current economic environment and some of the down wins throughout Q4 across public markets have certainly increased the opportunities we see in the public take private space as well.

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**Frederic Bastien** *Raymond James Ltd., Research Division - MD & Equity Research Analyst*

Connor, can you share whether you've taken some total positions like your sister LP company?

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**Connor David Teskey** *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition*

So what I would say is we take to hold positions almost on an ongoing basis throughout the cycle. I wouldn't say our activities in that regard have gone up or down in particular over the last couple of quarters, but it's something we do on an ongoing basis and something we'll continue to do. It's been a useful way to help us source transactions over the last 5 to 10 years.

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**Frederic Bastien Raymond James Ltd., Research Division - MD & Equity Research Analyst**

Okay. Cool. That's helpful. Last one for me. Of the 19 gigawatt of advanced stage and construction-ready projects that you highlighted, how much of that will be commissioned this year versus next year and the following years? Thank you.

**Connor David Teskey Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition**

So we're targeting about 5 gigawatts this year.

**Frederic Bastien Raymond James Ltd., Research Division - MD & Equity Research Analyst**

And just maybe for the following year?

**Connor David Teskey Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition**

Sorry. I jumped. It's about 5 gigawatts for this year and a little bit more closer to 5.5 to next year. But I would say 5 is probably a pretty healthy run-rate of where we're at right now.

**Frederic Bastien Raymond James Ltd., Research Division - MD & Equity Research Analyst**

Great, thank you.

**Operator**

Our next question comes from the line of Naji Baydoun with Industrial Alliance Securities.

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

Hi, good morning. I just wanted to go back to the funding picture. So \$1.5 billion of targeted asset sales for this year, a large part of, I think, your overall target for proceeds on asset sales over the next few years. How much of this pulling forward of capital recycling is a function of near-term funding needs versus just the strong valuations on the assets as you previously mentioned?

**Connor David Teskey Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition**

Yes. So I'll answer that question in 2 ways. I would say the asset sales that we are planning, I would say those will happen throughout 2023, and some may stretch into 2024. So we wouldn't want to give anyone the impression that it's all coming in the next 11 months. Some of these processes are for large businesses and may take time. So certainly could extend into next year.

To answer your second point, what's driving this, I would say it's almost entirely the latter part of your question. It's the robust demand we're seeing for our assets. And the simple fact I'd almost say it's coincidental that we are at a point where we are completing the business plans and believe that we have extracted the value-add opportunity that we saw in a number of businesses around this time. The timing of when those business plans and those operations complete is going to ebb and flow over the wide variety of businesses we have, but we've had a number complete throughout 2022. And that just creates the opportunity for very attractive accretive capital recycling this year, really bringing together, call it, the full cycle value creation approach we like to deploy.

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

Okay. That's helpful, thank you. And just one last question on offshore wind. Two-part question. One, if you can just discuss the latest auction in the Netherlands and if your thinking is strange around participating in that market going forward? And then if you also see the potential to participate in the sort of the launch or the beginning of the offshore wind industry in Colombia.

**Connor David Teskey Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition**

Certainly. So we weren't successful in our bid in the most recent Dutch auction. We continue to believe that is a very compelling market. I would say we monitor all the major offshore wind markets around the world, and there are certain attributes of that market that we thought were very interesting to us, in particular, the ability to leverage our power marketing capabilities in an outsized way. And

therefore, we will continue to look at opportunities in that market. We would not hesitate to go back there in the future.

Apologies, Charlie just went by outside the meeting room here. The second thing I would say is, we do look at offshore in many markets around the world. When you're talking about a market like Colombia, we continue to believe that, that is a long way in the future. So we'll monitor it, but it's not something high on our radar right now. One thing I would say, however, is our existing offshore pipeline in Poland continues to move forward in a really constructive way. The adjustments that the government has made in the region around inflation indexation and the ability for those contracts to be priced in euros are both very very helpful to our investment thesis and underwriting for that business.

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

That is great, thank you.

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**Operator**

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

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

Thanks, good morning. Maybe a big picture question. We saw a lot of tech companies have a lot of appetite for effectively renewable PPAs, a number of those companies kind of got over their SKIs with data center build out, warehouse build out and now are pulling back a bit. What are you really seeing from that customer base as far as appetite for PPAs on a go-forward basis? Is there a little bit of a pause or is it still full throttle ahead?

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**Connor David Teskey** *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition*

Absolutely, full throttle. We say that without hesitation. The demand we continue to see from the tech sector, particularly in our biggest markets, North America, Europe, is tremendous. They continue to be many of our largest clients and simply given the size and scale of their business, they're trying to go 100% green over the next 4 or 9 years sorry, 3 or 8 years. And that is a huge undertaking, given the size of their businesses today. And that undertaking becomes even more monumental when you consider the growth of those businesses going forward, even if that growth trajectory comes off just a shade. So the amount of demand coming out of that sector continues to be tremendous, and we continue to feel that there's very few that can supply on the scale that those types of customers desire.

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

Okay. That's very helpful. And then maybe just another way to think about Brookfield's optionality with providing solutions. You've got like the infrastructure funds, which you participate in, there's the energy transition fund now. Is there an opportunity to have like a super core renewable fund in the broader Brookfield product shelf that you'd participate in?

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**Connor David Teskey** *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition*

Certainly, we wouldn't rule anything out. We obviously have had significant success recently with the launch of the transition fund and that has seen not only tremendous interest from investors, but it's also seen tremendous opportunities for deployment. And therefore, if the market continues to be constructive, which we expect it will, we could see that product easily back in the market in the next 12 months. So not only are we seeing scaling of our existing products, absolutely as the industry continues to get bigger, and we see more opportunities, both across the capital stack and across the risk-reward spectrum. We wouldn't rule out different products if that's: one, what our customers were looking for; and two, we saw a significant opportunity to put that capital to work at attractive risk-adjusted returns. Given the way the market is going, absolutely wouldn't rule it out.

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

Okay, thanks for that. And maybe just one final extension on that is your comments earlier on solar, it would seem that stabilized solar would marry up really well with like a super core product for some clients. Is that kind of how you're conceptually thinking about that?

**Connor David Teskey *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition***

Well, the way we probably see it most -- it's a great question, Andrew. The way we'd probably see it most today is you think about things like stabilized solar, those are the types of assets that work really well into an asset recycling program right now. And once we built them out, once we derisk them, once they're under a long-term PPA with long-term financing and a long-term O&M contract, that is a very, very derisked attractive inflation-linked cash flow stream. Those are the types of opportunities we're seeing for asset recycling. And given how many dollars we put in the ground in recent years and how many projects we're bringing online, that's the type of opportunity that lends itself to some of the asset recycling initiatives that we've kicked off.

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

Excellent, thank you very much.

**Operator**

That concludes today's question-and-answer session. I'd like to turn the call back to Connor Teskey for closing remarks.

**Connor David Teskey *Brookfield Renewable Corporation - President of Brookfield Asset Management and CEO of Renewable Power & Transition***

Great. Well, we very much appreciate everyone dialing in. We always appreciate the support and interest in Brookfield Renewable, and we look forward to providing an update following the next quarter and throughout 2023. Thank you everyone and have a good day.

**Operator**

This concludes today's conference call. Thank you for participating. You may now disconnect.

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