Brookfield Renewable (Q1 2025)
May 2, 2025

Corporate Speakers:

- Connor Teskey; Brookfield Renewable; Chief Executive Officer
- Hannah Labuschagne; Brookfield Renewable; Managing Director and Global Head of Procurement
- Patrick Taylor; Brookfield Renewable; Managing Partner and Chief Financial Officer

Participants:

- Nelson Ng; RBC Capital Markets; Analyst
- Sean Steuart; TD Cowen; Analyst
- Robert Hope; Scotiabank; Analyst
- Mark Jarvi; CIBC; Analyst
- Christine Cho; Barclays; Analyst
- Ben Pham; BMO; Analyst

PRESENTATION

Operator: Good day. Thank you for standing by. Welcome to the Brookfield Renewable First Quarter 2025 Results Conference Call and Webcast. (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.

Connor Teskey: Thank you, Operator. Good morning, everyone. Thank you for joining us for our first quarter 2025 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 first quarter performance, and then Hannah Labuschagne, our Global Head of Procurement, will speak to the resiliency of our business and how we are well equipped to navigate the current dynamics of the global supply chain and continue to deliver on our target returns in an evolving environment. Then Patrick will conclude our remarks by discussing our operating results and financial position. Following our comments, we look forward to taking your questions.

In light of recently announced tariffs on goods and the resulting volatility in the market, we want to start by discussing the current environment for the energy sector and how

renewables fit into the significant demand for energy globally as well as how we are placed to extend our leadership position in a rapidly changing landscape.

First and foremost, the most important driver for our business continues to be the fundamentals for energy, which remain very strong today with digitalization and reindustrialization driving accelerating demand that far outpaces supply. We believe that the pace of energy demand growth, the need for baseload power and adequate backup will require an any and all solution to build out the grid. This includes renewables, natural gas, batteries and nuclear technologies to name a few.

And despite tariffs and the potential impacts on the renewable sector, renewable technologies, particularly onshore wind, solar and batteries represent a critical part of the solution to meet the insatiable demand for energy given their low-cost position, their ability to be deployed quickly in almost any region around the world, their mature supply chain and the fact that they do not depend on imported fuel.

Today we are one of the largest renewable operators and developers globally, diversified across the lowest cost and most mature technologies and the most attractive geographies. With approximately half our pipeline in North America and the other half spread across other attractive markets around the world, which mitigates our exposure to regional dynamics, market disruptions or resource variability. We are well equipped to navigate near-term supply chain challenges given our scale, global relationships with the largest Tier one suppliers, our approach to development and focus over the past several years to increase purchases from domestic U.S. manufacturers, all of which Hannah will discuss in more detail later on the call.

With the strong underlying demand for power and the superior characteristics of renewables, combined with our relationships with the suppliers in the U.S. and globally, we continue to be very positive on the outlook for the business and our ability to deliver on our growth and return targets for shareholders.

Moving to our operating results. Our business had a strong quarter to start the year, performing well. We delivered strong financial results and made significant progress executing on our plans for 2025 and beyond. Adjusting for very strong hydro generation in the first quarter of last year, our FFO per unit was up 15% versus the prior year period. On an all-in basis, our FFO per unit was up 7% year-over-year. These results reflect the benefit of our diverse contracted global fleet of assets, successful commissioning of new capacity, recently closed investments and the scaling of our normal course capital recycling activities.

We were successful advancing our commercial initiatives as well including securing contracts to deliver on an incremental 4,500 gigawatt hours per year of generation. We also progressed the delivery of projects to Microsoft under our Renewable Energy Framework Agreement and continue to view the initial 10.5 gigawatts scoped into the agreement as the minimum we will contract under the framework.

We expect to continue to partner with global technology players on both a project-by-project basis and via larger framework agreements given the persistence of the supply-demand imbalance we are seeing globally. We progressed our development activities and commissioned approximately 800 megawatts of renewable energy capacity in the quarter across our platforms and continue to expect to bring approximately 8 gigawatts online in 2025, over double our run rate of commissioning capacity just three years ago.

Another byproduct of the recently announced tariffs is that there are lower public market valuations for renewable energy companies despite the strong fundamentals for energy demand. With this and the significant capital required to meet energy demand, we are seeing meaningful opportunities for those with access to capital, carve-out capabilities and development expertise to acquire renewable platforms and assets for value. In the quarter, we committed or deployed $4.6 billion or $500 million net to Brookfield Renewable, highlighted by the completion of the privatization of Neoen and by reaching an agreement to acquire National Grid Renewables.

With our acquisition of Neoen, we will drive value creation through the acceleration of their development activities, expecting to double the commissioning cadence from around 1 gigawatt per year to two and via the implementation of an asset rotation program, which is already well underway. National Grid Renewables is a fully integrated onshore renewable power operator and developer in the United States with 3.9 gigawatts of operating and under construction assets, a 1 gigawatt construction-ready portfolio and an over 30 gigawatt development pipeline. National Grid's contracted operating portfolio provides strong downside protection, and we see an opportunity to deliver significant value through the development of National Grid's large, high-quality advanced stage pipeline, similar to the carve-out of Duke Energy's renewables business that we successfully completed about two years ago.

In contrast to the sentiment for renewables in the public markets today we continue to see a bifurcation from private markets where there continues to be robust demand from private investors for our derisked operating assets and platforms with advanced projects and highly executable growth opportunities.

During the quarter, we closed the sale of our stake in First Hydro and Phase one of our India portfolio sale on our expected timelines, generating almost 3x our invested capital and 20% investment returns.

We also reached an agreement to sell an additional 25% stake in Shepherds Flat at the same valuation as our previous 50% stake sale, generating almost 2x our invested capital and proceeds of approximately $200 million.

Looking ahead, we remain well positioned to continue to capitalize on the current market bifurcation, acquiring for value as well as monetizing our derisked renewables platforms and assets to lower cost of capital buyers and in doing so, generating strong returns.

With that, we will now turn the call over to Hannah to speak to how our business is well equipped to navigate the evolving supply chain and continue to deliver on our growth and return targets.

Hannah Labuschagne: Thank you, Connor. And good morning, everyone. As Connor mentioned, current sentiment in the public markets for the renewable sector reflects an elevated level of uncertainty with investors reacting to tariff announcements and how these duties may impact development project returns, the pace of development going forward and cash flows from assets operating today.

We are of the view that many investors today are not discerning between those in the sector that are diversified and well positioned to mitigate the potential impacts and those that are not. It's at times of heightened uncertainty when the benefits of our global diversified operating and development portfolio and its associated global procurement network becomes clear.

Today we have a diversified global platform approaching 45,000 megawatts of operating capacity that generates high-quality, resilient and inflation-linked cash flows. These assets generate a critical resource at the lowest cost in their respective markets and are largely unimpacted by tariffs. In fact, in an inflationary environment, our operating fleet benefits given the indexed nature of our contracted revenues. Regarding our development projects in progress today we are substantially safeguarded against fluctuations in input costs due to our approach to development.

Our strategy of focusing on minimizing risk by securing our costs while simultaneously locking in our cash flows before investing meaningful CapEx has us well positioned to continue delivering on our target returns. As a result of this approach, most of our projects currently under construction have fixed price engineering, procurement and construction contracts with limited exposure to price increases. And for those where we do retain price exposure, we have taken actions to help limit our impact on our returns -- clauses in our PPA contracts to enable price adjustments. (inaudible) from the implementation of new tariffs on China specifically to import material amount of equipment directly from the country for our U.S. development activities.

In the past few years, we have proactively increased consumption of domestic goods in the U.S. through signing of framework agreements with OEMs to support the expansion of domestic suppliers and to minimize the impact of previously enacted tariffs on solar panels manufactured in China. With respect to the recently announced updated tariff rates on several Southeast Asian countries as part of the U.S.'s antidumping and countervailing investigations on solar panels, we are of the view that this further supports domestic U.S. investment and benefits players like ourselves who already have existing relationships with domestic U.S. manufacturers and the capacity and capabilities to adjust our orders and suppliers for our projects around the world.

Furthermore, across our global business, we expect a positive impact on supply chain availability and input costs, where U.S. developers were a meaningful buyer of

equipment from Asian suppliers, we could see increasing quantities of equipment available in other geographies in which we operate as those suppliers look to diversify their customer base and global players like ourselves could benefit from higher availability and lower pricing.

And so while the environment continues to evolve, we feel that we are very well positioned to continue to offer the most competitive pricing to our customers to meet growing demand for energy in the U.S. and across the regions in which we operate, extending our leading position as a partner of choice to the largest corporate buyers of power globally.

With that, I'll pass it on to Patrick to discuss our operating results and financial position.

Patrick Taylor: Thanks, Hannah. And good morning to everyone on the call. Our business performed well this quarter. We delivered funds from operations of $315 million or $0.48 per unit. Adjusting for strong hydro generation in the prior year, our FFO per unit increased by 15% year-over-year this quarter and on an all-in basis increased 7% per unit year-over-year. Our business continues to exhibit strong cash flow resiliency with our operating results reflecting our stable and growing cash flows from our operating fleet, which are 90% contracted for approximately 14 years with revenues 70% indexed to inflation.

In addition, we continue to benefit from our growth initiatives and accretive capital recycling activities. Our hydroelectric segment continues to benefit from favorable all-in pricing in the current environment, where demand for clean power remains robust. The business delivered solid results and is well positioned for a strong second quarter and 2025 as solid hydrology and a relatively cold winter in North America has resulted in a healthy snowpack and reservoir levels near the long-term average.

We continue to see strong demand for our hydro generation from the traditional utility customers and increasingly are seeing interest from our corporate partners to procure more power from these assets. With the combined 6,000 gigawatt hours available for re-contracting over the next five years alone, coupled with potentially higher levels of inflation, we expect to be able to contract these assets at strong prices, delivering improved cash flows and opportunities for investment-grade upfinancings to support our growth.

Our wind and solar segments performed well benefiting from newly commissioned capacity and the closing of our investments in Neoen and Orsted. Our distributed energy, storage and sustainable solutions segments delivered strong performance with FFO more than doubling from the prior year on the back of solid performance and accretive capital recycling. Results from our distributed generation and storage business were positively impacted by the asset improvement programs we have been executing, the continued buildup of our development pipeline and a gain on the sale of our interest in First Hydro, which we completed in the first quarter. Westinghouse also continues to perform well benefiting from the growing demand for nuclear power.

Turning to our financial position. Our balance sheet remains best-in-class, and we ended the quarter with $4.5 billion of available liquidity, providing us with significant flexibility to pursue growth. In March, we opportunistically issued CAD 450 million of 10-year notes at our lowest coupon in the past 5 years and at our tightest new issue spread in almost 20 years. The issuance was consistent with our funding strategy of conservatively accessing the investment-grade corporate debt market as our underlying cash flow grows. Given our strong financial position and the recent volatility in the market, we have been active repurchasing our units, which we see as an accretive use of capital. Year-to-date, we have bought back approximately $35 million worth of units.

In closing, we remain focused on delivering 12% to 15% long-term total returns for our investors while remaining disciplined allocators of capital, leveraging our deep funding sources and operational capabilities to enhance and derisk our business.

On behalf of the Board and management, we thank all our unitholders and shareholders for their ongoing support. We are excited about Brookfield Renewables future and look forward to updating you on our progress throughout the year.

That concludes our formal remarks for today's call. Thank you for joining us this morning. With that, I'll pass it back to our operator for questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Our first question comes from the line of Nelson Ng with RBC Capital Markets.

Nelson Ng: So Connor and Hannah, you mentioned that you have limited exposure to cost inflation and tariffs. But in the U.S., can you just talk about the permitting situation? Are you still seeing some delays in the receipt of federal permits? And I guess given the strong demand for power in the U.S., are you able to start construction on a number of projects to meet demand?

Connor Teskey: Nelson, thank you for the question. Absolutely right. We see the impact of the tariff announcements as not material to our business, given what Hannah said, the way that we've procured equipment already for our existing projects and our global procurement programs, our ability to have a multitude of solutions to provide equipment to projects in the future.

In terms of permitting, as a reminder to everyone on the call within the executive orders in the United States, those were largely focused on offshore wind and federal permits for onshore wind on federal lands, of which we have very little, if no exposure to either. We have no offshore wind exposure and only a de minimis number of our projects are exposed to federal lands. However even some projects on private lands do require federal permits. You can think about these as FAA permits or certain endangered species permits

that are regulated at the federal level. This does mark a very modest portion of our portfolio. U.S. wind is less than 10%.

We would put it in kind of the mid-single-digit portion of our development pipeline. Yes, that process is still slower than it was prior to the executive orders, but we are hopeful to see that resolved in the near term. It's -- given its relative size, it's not going to have a meaningful impact on our business or our growth plans either way.

Nelson Ng: Got it. That's great color. Then you mentioned Microsoft in the call. So is Microsoft the only company you have with a framework agreement? And I presume other offtakers would have been interested or in terms of some form of similar agreements. But can you just talk about your willingness or what is your approach to entering into additional framework agreements potentially with other parties?

Connor Teskey: Microsoft is certainly our largest framework agreement and is certainly in a scale that differentiates it from our contracting arrangements with any other individual counterparty. Our approach to contracting our projects is always done with a focus on generating the greatest value for our business and for our shareholders. The joy of the Microsoft arrangement in that regard was it allowed us to significantly derisk such a significant portion of some of our development activities, business plans. It allowed us to accelerate the pace of contracting a number of those assets. The way the framework agreement works, there is no obligation to do that at any sort of price discount.

In terms of other type agreements, I would say the inbounds and the interest of different corporate counterparties in doing renewable power framework agreements with Brookfield Renewable has been high. It's been high ever since the Microsoft agreement was announced and has only accelerated in recent months. And as we sit here today we would suggest that it is probably far more likely than not that we would execute similar type agreements within 2025.

Nelson Ng: That's great news, Connor. Just one last question before I turn it over. So I noticed that the Asia Pacific development pipeline has really grown in the past year. Is that mainly due to the Neoen acquisition? And I presume a lot of that growth is taking place in China, India, Australia. But can you just talk about how each country is developing from your perspective? And is it mostly solar and batteries? Or is there a material amount of wind as well?

Connor Teskey: Sure. So the biggest driver of that change is definitely Neoen. Neoen is a French headquartered company prior to our privatization, it was listed on the French Stock Exchange. But interestingly, the biggest component of that business is in Australia. Neoen's Australia operation make it the largest renewable power player in the country of Australia.

So that is the biggest driver of the significant increase that you are referencing. In terms of what Neoen focuses on in Australia, it actually is a lot of wind and a lot of batteries. That is because similar to other markets around the world that have a very high degree of

solar penetration, there is a premium on those asset classes that offer a differentiated load profile to solar. So while it is diversified across solar, wind and batteries, I would say that the focus of Neoen in Australia is largely on wind and batteries because that's certainly where the greatest value is for a developer.

The other thing I would just highlight as a point of context is our business in India is performing very well not only in terms of the existing operations and how they're performing. This was illustrated by our very successful sale of some of our mature assets in recent months. But the growth we're seeing within some of our Indian platforms, whether it be Evren, whether it be CleanMax has been very strong, and that's also adding to some of the pipeline growth in Asia Pac that you're referencing.

Operator: Our next question comes from the line of Sean Steuart with TD Cowen.

Sean Steuart: First question, of the 29.8 gigawatts of advanced stage capacity development activity you have in North America, I would imagine most of that is U.S. solar. Can you give us a rough percentage there? And of that, what percentage of the solar you're planning to build in the U.S. is the equipment already secure costs are locked in? And I appreciate all the commentary around mitigation you guys have given your scale and diversity, but can you give me some perspective on that front?

Connor Teskey: Yes. Sure. So I'll let Patrick crunch some percentages really quickly here while we're talking, so we can answer that breakdown question for you. But in terms of our solar pipeline in the United States in terms of what is in an advanced stage, we should leave no doubt here. The absolute vast majority of it has already secured its equipment and has done so under a construct where we're not exposed to the recent tariff announcements.

Because of our approach of not locking in revenue contracts until we can also lock in CapEx and that consistent approach about how we derisk development across our platform, not only in the United States, in terms of what's in our advanced stage pipeline, the vast majority of it is fully secured from an equipment perspective. That percentage you're looking for of solar U.S., it's about 60%.

Sean Steuart: Okay. I want to follow up on Microsoft as well. Their call earlier this week, they reiterated a disconnect between data center supply and demand. But they have canceled or deferred some of their data center leases. And just trying to get a sense of the framework agreement you have with them, the 10.5 gigawatts, would any of that be exposed to some of the data center activity they might be deferring or canceling? A little bit of context on that front, if you can.

Connor Teskey: In terms of Microsoft and their demand for power and data centers, there's two or three things we would highlight there. One, there have been headlines about them relinquishing certain data center leases and things like that. It's important to put that in context. That is a very small number of data centers in what is a generationally large build-out. The growth that they are seeing in their data center demand is still

historic by any perspective. We are very fortunate to have great interaction with Microsoft given the size of our ongoing relationship.

And we would really just say two things. One, their growth continues to be exceptionally robust. Any changes in terms of their demand, we would really just see that as an optimization and a tweaking of their data center needs as they understand their demands for AI going forward. It's really a tweaking around the edges as opposed to any change in trajectory in terms of growth. Therefore, the impact on our framework agreement, nothing. If anything, we probably have more confidence in our arrangement with Microsoft than we did 12 or 15 months ago. As their needs are changing, we like to think there is no platform around the world that is better equipped to adjust with them. And as such, we expect our partnership to only grow and increase beyond what was originally announced.

The other thing I would perhaps add and I recognize you didn't ask this question, but whether it's the headlines about Microsoft and tweaking some of their data center demands or whether it was the headlines around DeepSeek earlier this year, it's important to recognize the demand for data centers and the power that is required to support that demand far exceeds any reasonable amount of supply that can be brought online in the short and medium term. The supply-demand imbalance is still so robustly in favor of those that can bring on new data center capacity and the power that supports it. And as such, even if that demand forecast is tweaked, is augmented, even if it was -- the growth trajectory was to plateau a little bit lower, the supply/demand is still very much in our favor and a very constructive backdrop for our business.

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

Robert Hope: In the prepared remarks, you noted that there's an increased demand to recontract your hydro capacity from a variety of buyers. Can you speak to the strategy of how you want to recontract these assets? Could you wait until there's a cluster of contracted assets and then group them together? Could you see a period of time where you'd be happy to have them a little bit more merchant in advance of a longer-term contract?

Connor Teskey: It's a great question, and I'll try and answer it, but also perhaps provide some background context. There's a few exciting things happening for us within our hydro portfolio. As Patrick mentioned, we've got a number of hydro contract -- hydro facilities coming off contract in the next few years.

If we were very simply just to contract those hydros at current market rates, that's a very significant step-up relative to the contracts that are coming to maturity. That's obviously a very positive EBITDA bump for our business. But really where it becomes incredibly accretive is if you lock in a long-term contract at a higher rate, it immediately creates a very low-cost up financing opportunity for our business and provides a very large injection of capital at attractive rates, let's say give or take, 5% that we can turn around and deploy into new growth and new M&A at 15%.

That is really the incredible value lever that we think is sometimes underappreciated in our business. This isn't just an increase in earnings. It's an increase in earnings that creates an up financing opportunity that allows us to fund our growth at an exceptionally accretive way. In terms of what we're seeing from hydro contracting, it's not just a more robust price environment.

In the current market where demand for energy is very high and offtakers are really taking an any and all approach to finding power to support their growth, interest in our hydros has increased very dramatically in recent years. Some of the largest corporate buyers of -- corporate offtakers of power, three or four years ago, they were intensely focused on only wind and solar. What I would say has changed in our business is now those same corporate buyers are very interested in looking at long-term contracts from our hydros, and that's creating incremental demand.

So in terms of how we turn that into execution, it's really no different to what we do elsewhere in our portfolio. We will look to contract those as efficiently and as expeditiously as possible because it pulls forward that really, really attractive up financing opportunity, which is an incredible value lever for our business. But in terms of will we group hydros together or do them individually? That's very much on a case-by-case basis, and we'll be flexible based on what we're seeing from the market.

Robert Hope: That's great. Appreciate that. Then maybe in a different direction, in the prepared remarks, you also mentioned that the weakness in public valuations and you're seeing increased opportunities to acquire platforms and portfolios of assets. When you take a look at the opportunity set in front of you, are these largely North American centric? Or are you seeing them spread across your geographies as well as modalities?

Connor Teskey: It's a great question. I think it's fair to say what we're seeing in terms of public market opportunities is probably primarily North American focused. But the comment we'd make there is I don't know that, that's specifically because some of the announcements related to tariffs and stuff is having an outsized impact on North American companies. I think the impact those are happening is quite broad-based. I think the fact that most of the public market opportunities we see being in North America is a function because that's where most of the public companies are listed.

I would say that's probably the bigger driver. What's interesting about the public market opportunity is maybe two or three points of context there. There has absolutely been a trend in recent years around market consolidation. Renewable power development is a very, very capital-intensive business and being entirely predicated on the capital markets to fund consistent and ongoing growth has always been difficult for a number of publicly listed companies. That difficulty has only been enhanced as the public markets have become more volatile and more uncertain, particularly in the last six or 12 months. That is no doubt creating an opportunity.

I do think that opportunity needs to be counterbalanced by the fact that the uncertainty in the markets is undoubtedly potentially going to push transactions volumes lower for a period of time. However if those companies that are heavily reliant on the capital markets to fund their growth, don't get relief and certainty in the markets by some period of time they will need to consider strategic alternatives, and that's where the real opportunity will be for market participants like us. The only other point I would make on this question is, I think when people hear public market opportunities that they always think of take private.

But take, for example, the transaction we did with National Grid Renewables just in Q1, that's a much broader, much bigger publicly traded utility that wasn't getting the appropriate value of -- for its renewables business in its public market valuation. That's what created an opportunity for us to buy that business. So the current uncertainty and low valuations in public markets creates a number of opportunities including carve-outs, not only take privates.

Operator: Our next question comes from the line of Mark Jarvi with CIBC.

Mark Jarvi: Connor, you talked about how well you think you're insulated and can manage some of the tariff risk, but someone ultimately has to bear that cost. So how do you feel like the entire ecosystem can manage this where the vulnerabilities and buyers of power to fully absorb the inflationary pressures?

Connor Teskey: Thanks, Mark. You're absolutely right. I do think there's there needs to be a situation where money can still be made, of course. And a lot of this does center around the tariff announcements and in particular, in the United States.

There's two points we would make here. The first is there have been a lot of headlines about the tariffs and a lot of very large percentages get thrown around. But it's important to ground yourself in the fundamentals. When you look at building a renewables project in the United States, approximately 50% of the cost of that project is EPC, the majority of which is domestic labor that wasn't subject to a tariff. Maybe a third to 40% is equipment and CapEx, only a portion of which is subject to tariffs and then the rest is other. And therefore, when you look at the potential for these tariff costs to pass through, it's not the triple digits that people suggest in terms of cost increases.

We view it as something much more marginable and much more manageable, something in the very low double digits, maybe in the teens range. That will obviously depend differently on different projects and different technologies in different regions. But that is a very manageable increase in CapEx that can be pushed through into the market to the end customer in form of offtake and renewables will still be the cheapest form of bulk electricity. So even with that cost increase, we are well inside the other forms of electricity production. And that's what gives us confidence that there will still be very, very strong demand, no impact on demand and no impact on developer margins.

The other way that we manage our portfolio is often to put the tariff risk back on the equipment supplier. The important thing to highlight here is, again focusing on the U.S.

market. The U.S. market has been one of the fastest-growing, highest margin and most profitable markets for equipment suppliers in recent memory. And therefore, in that component of, call it, the value creation chain, there is certainly some cushion to absorb slightly higher costs as well.

Mark Jarvi: But at this point, no increased sort of concern around the health of the supply chain in terms of ability to absorb these costs at this point?

Connor Teskey: Not at this point. And maybe I'll start and Hannah, if there's anything you'd want to add. When we think about trying to simplify the impact of these tariffs and the announcements, there's two or three things that we think are important to recognize. They will lead to slightly higher costs and slightly higher power prices in the U.S. But one, we think it's very manageable.

That's point one. Point two is the one point that is often overlooked is a lot of the equipment that we use in the United States was already subject to different duties and tariffs before, let's say the liberation day announcement. So some of the increased tariffs that were announced, yes, they were increased tariffs, but they increased tariffs on essentially 0% of our volumes. So they don't actually -- they generate a lot of headlines, but they don't have a material impact on our business.

Hannah Labuschagne: I think two ways in which we're quite differentiated from others. One is we've been pushing a domestic strategy in the U.S. for a long time. Solar has been subject to tariffs for many years and in particular, against Chinese equipment, but along with other geographies as well. So we've worked really hard at focusing on that domestic strategy that mitigates a significant amount of the tariff risk that we're seeing right now.

With regards to our current 2025 projects, we have already all the primary equipment in the country, most of the major other insidiary equipment also in the country. Then I think thirdly, I would add from a technology point of view, one of the big underappreciated things about renewables is the pace of technology growth.

If you look anywhere else in the world, we've seen massive decreases in CapEx with regards to that technology. So as you see the technology improving, there is also some natural cost decreases as a result of those technology improvements. So there's some room there in terms of technology increases getting offset by tariffs that helps mitigate a number of the technologies as well.

Mark Jarvi: And another question is you mentioned about potentially positive impact on availability of equipment and input costs outside the U.S. Can you quantify that? Do you think that lasts for a while? Do you think that gets arbitraged out in the market from the developer side?

Connor Teskey: One of the big benefits of our business where we're unique versus our peers is our globally diversified platform. And what tariffs do is they make acquiring goods from one region of the world from another region of the world more expensive, but

that product needs to go somewhere. Therefore, while it might make the cost of goods expensive -- more expensive in one region around the world, it equally has an offsetting impact of making cost of goods less expensive in another area around the world.

I'll give a very readily available example in the current market due to some of the tariffs that were announced just four or five weeks ago, solar panel costs and equipment costs in India are probably at historic lows. That is because previously a lot of that equipment produced in India was exported to the U.S., but now it's more expensive to do so. So it makes more sense to keep a certain amount of that equipment in country, and we're certainly seeing the benefit of that for our Indian development pipeline.

To address your question, it would be naive and ignorant to suggest that tariffs don't create some inefficiency in the system. The global nature of our business is not a full offset, but I would say it is a very, very material offset.

Operator: Our next question comes from the line of Christine Cho with Barclays.

Christine Cho: I appreciate your comments around all the tariff stuff and locking in your equipment costs. But can you just go into some detail on how contracts with your EPC, your suppliers and PPAs work for the renewable projects, I understand it's going to be different on a project-by-project basis. But high level, it sounds like you have clauses to pass through some change orders you might get on the EPC side or suppliers through higher PPA prices. But is it like within a certain range, it's just easily passed, but if it falls outside that range, there needs to be a more in-depth negotiation?

And if so, could this delay the timing of your projects? Also it sounds like a lot of the contract may have embedded in tariffs tied to raw materials like steel or aluminum. But I sort of got the impression that country-specific tariffs, such as the ones brought on by the reciprocal tariffs aren't as explicit in the contract. So can you talk about how that works?

Connor Teskey: Christine, welcome to the call and thank you for the question. I'll start and then I'll hand to Hannah. She is our internal expert on this and is best positioned to speak to the details of how we're seeing this play out in contracts. But from a high level, there's really two different ways that we protect our business.

One is we don't commit to projects unless we can lock in the revenue, the financing and the CapEx purchase on a fully wrapped derisked basis all at once. And at which point, we are no longer exposed to changes in the tariffs or changes in the cost of that CapEx, and that project is largely derisked beyond the construction execution, which we are very happy to take. That is one way.

In which case, the tariff risk under that scenario is really left with the supplier. The other way we can derisk our business is kind of derisking it using the customer. In that situation, if under the CapEx arrangement, we absorb the tariff risk with the equipment supplier. What we will look to do is put a PPA adjuster in the offtake agreement such that if tariffs come into play and our cost of construction increases, there is an offsetting

increase in the PPA that preserves our development margins and our returns on the project. So that's it from a high level, but perhaps I'll hand to Hannah to speak through some of the specifics.

Hannah Labuschagne: Yes. Sure. So I think a couple of points there. One, with regards to your question about the country-specific tariffs and whether they're incorporated in those clauses. I think there's a different answer for wind versus everything else. So I would agree with you that typically in wind, you might see specific clauses on, for example, like steel and aluminum tariffs. The difference being in wind, it has a strong domestic supply chain that's been there for a number of years. And most of the components like nacelles and towers are already domestic.

So the most material risk you have in terms of price changes are with regards to the steel. So in wind, I would say yes, you're correct, that those clauses tend to be -- contemplate specific tariffs. In the remainder of our contracts, it's typically all tariffs and tariff changes from the day of contract signature onwards, and we would specifically address what happens in those contracts. With regards to what -- your question over delay I would say not really. I'd say perhaps in wind, you could see a delay through the renegotiation, but that's why those clauses are so specific in the wind contracts to specifically avoid that. We had one renegotiation last week that we resolved with the supplier with a very minimal change, and we resolved it within 1.5 days.

So I would say our supplier and our supplier relationships are very strong. We do have a large global footprint with the suppliers. So typically, we have orders with them in a variety of geographies. So we are important to them in geographies around the world. And despite what might a headwind in one geography, they still want our business in other geographies. And so I think we tend to see an increased amount of cooperation there as we work together to absorb any of the changes by kind of resourcing or changing certain pieces of the contract.

We've seen really significant speed from the suppliers and the ability to execute on that.

Christine Cho: Okay. That's so helpful. Then just my follow-up question. On the PPA side, you've mentioned for both tariffs and in the event of an ITC removal or step down that you have adjusters in PPAs to keep the developed margin full. Again I know it's going to be different on a project-by-project basis, but can you just sort of give us like a ballpark percentage of how much cushion the PPA prices can go up before the offtakers maybe start to push back or some way to think about that?

Connor Teskey: Yes. Sure. So it should -- most of the adjusters that we've been seeing and we've been executing on more recently have been around tariffs and probably perhaps to a lesser extent, tax credits. Maybe just to speak about tax credits and the impact on our business. To date, there's been no changes to the tax credit regime in the United States. And as mentioned a few times in the prepared remarks, the thing that is really shining through about our business right now is our very large installed cash-

generative, high-quality inflation-linked operating base that really is not subject to any change in those tax credits going forward.

Then you get to the point where I think your question was going, which is the most important thing for our business and the ability to continue growing and continue to preserve our development margins is that the very robust fundamental demand for power right now.

As long as there is a supply-demand mismatch where there are more offtakers looking for power than there are ready-to-build projects, we remain quite confident that we will be able to push any direct or indirect increase in construction CapEx through to the end customer. That could be both in the form of a tariff or in the form of a reduction of a tax credit. And in terms of how much cushion do we have, I would say more than enough.

This is where I'll tie it back to something Hannah said on a previous question. Renewables are not only the cheapest form of bulk electricity production today by a very significant margin. They're getting cheaper than the alternatives on an ongoing basis. So that cushion that we have to push costs through to the end customer or to the suppliers and still be the cheapest form of bulk electricity production is widening year after year, quarter after quarter. And therefore, in any reasonable outcome, we expect that we'll be able to push things through and not see change in our demand or change in our developer returns.

Operator: Our next question comes from the line of Ben Pham with BMO.

Ben Pham: Maybe a couple of questions on the Nailen acquisition. I'm just curious what your near-term integration priorities are -- how do you think the development backlog evolves over the next couple of years? And is there any sort of mature assets or are the mature assets that you might be able to accelerate and sell in that portfolio?

Connor Teskey: Great question. Thanks, Ben. You're essentially right on all three accounts. But our business plan on Neoen is pretty -- despite the size of the business down the fairway and what you would expect to see with us across other businesses that we acquire. First thing we want to do is we want to provide capital to that business to accelerate its development activities.

One thing we felt in our due diligence of the company is it had one of the most attractive, most derisked and highest value development pipelines we've seen in the industry. But as a public company, it lacked access to capital to build it out as fast as they could. We want to take the regulators off that business, give the management team access to capital to accelerate that growth. We're going to look to double the pace of development from about 1 gigawatt a year to 2 gigawatts a year within that company. That's point one.

Point two, I would say is we want to bring Neoen into our broader platform where it will get some of the benefits of our scale. That can be helping them with more efficient capital structures, leveraging our financing capabilities, more efficient procurement of

equipment, leveraging Hannah and her team and also integrating them into some of our broad-based key accounts with corporate offtakes like the Microsoft framework agreement.

So that would be bucket number two. Then the third bucket is one of the unbelievable things about Neoen is it comes with 8 gigawatts of either operating or under construction assets. These are recently built contracted high-quality assets in very attractive markets around the world. Immediately, it is already underway. We will look to begin to sell some of those derisked assets to lower cost of capital buyers and use the proceeds from those sales to reinvest into accretive development and/or pay distributions up to Brookfield Renewables.

So despite the size of the business, I would say it's actually a very similar playbook to what we've executed with our other developers around the world in the past, whether it be X-ELIO or OnPath or other investments we've made in recent years.

Ben Pham: Okay. That's great. Sounds exciting. Maybe on the -- you talked about the Microsoft interest levels and data center opportunity. How do you think that evolves then going forward from a geographic standpoint with your discussions with them (inaudible) is this more of a U.S. thematic? Or do you think of it as more of a broader one outside of that?

Connor Teskey: Certainly. The comment we would make is that it's not so much a geographic tweaking or optimization that they're doing. It's not so much Microsoft is adjusting their geographic demand from our perspective. It's just as they've learned more about their forecasted growth in their AI activities and their cloud activities, they're really learning that they need different types of data centers in different places, whether it's for cloud, whether it's for learning, whether it's for inference, that determines different types of data centers have different latency needs and different types of data centers have different supply needs.

That really is going to lead to different needs for power in different places within their portfolio. I would say the concentration of build-out is still in North America. And after North America, it's Western Europe. But the changes we are seeing are much more modest in terms of different types of plants and different types of data centers and different sizes of data centers. And again I tie it back to the comment from earlier. We feel very well equipped to complement Microsoft as their needs change. And if anything, their refinement and their optimization is only going to cause the partnership between the two firms to become stronger.

Ben Pham: Okay. And maybe just one quick one, more detailed on the segments, Sustainable Solutions, with EBITDA down year-over-year. Can you provide context on what's driving that? And that Westinghouse underwriting projections, are you more or less tracking that still?

Patrick Taylor: I'll start on the year-over-year on the sustainable solutions side, and then Connor can maybe touch on Westinghouse and what we're seeing there. So last year, we had an item with respect to our investment within an Indian business, where we were successful in realizing on a premium within one of our sustainable solution financial assets that we have in that business in India. That was what was in the last year's figures.

Connor Teskey: Then in terms of Westinghouse, I'm sure as everyone can imagine on this call we're thrilled with our exposure to Westinghouse. The tailwinds for nuclear get stronger day by day just one, given the electricity demands around the world and nuclear's ability to provide clean dispatchable baseload power at scale. The added benefit that should not go unrecognized is in all the headlines, nuclear is a key focus of the new U.S. administration. And as the leading technology globally in the space, but of U.S. origin, Westinghouse is certainly the beneficiary of that.

The one thing I would highlight is the tremendous demand and growth we are seeing in terms of nuclear isn't actually even showing up in Westinghouse's financials yet. The financials are performing well. I would say they're absolutely tracking to underwriting. But the thing that's exciting for us is the orders that are coming in are certainly above what we initially expected, and that creates a very positive outlook for financials in future periods. That will take a few years to play out, but it gives us incredible confidence for the foundation and outlook for that business.

Operator: Thank you. I would now like to turn the call back over to Connor Teskey for closing remarks.

Connor Teskey: Great. Well thank you, everyone, for joining our call today. Thank you for your interest and support of Brookfield Renewable. We look forward to providing you an update on our Q2 call in a few months. Thank you and have a great day.

Operator: This concludes today's conference call. Thank you for your participation. You may now disconnect.