Brookfield Renewable Partners Third Quarter 2019 Earnings Call & Webcast
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CORPORATE PARTICIPANTS

Sachin Shah, Chief Executive Officer

Wyatt Hartley, Chief Financial Officer

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Sean Steuart, TD Securities

Robert Hope, Scotiabank

Mark Jarvi, CIBC World Markets

Nelson Ng, RBC Capital Markets

Rupert Merer; National Bank Financial

Frederic Bastien, Raymond James

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the BEP Third Quarter 2019 Results Conference Call and Webcast. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions)

I would now like to hand the conference over to your speaker today, Mr. Sachin Shah, Chief Executive Officer. Please go ahead, sir.

Sachin Shah, Chief Executive Officer

Thank you, operator. Good morning, everyone, and thank you for joining us today for our third quarter 2019 conference call.

Before we begin, I'd like to remind you that a copy of our news release, investor supplement and letter to unitholders can be found on our website. I 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're encouraged to review our regulatory filings available on SEDAR, EDGAR and on our website.

Our business continued to perform well in the third quarter as we advanced our key strategic priorities. Our priorities remain focused on deploying capital for value, improving our operations and maintaining our high levels of liquidity and a strong balance sheet. Our objective, as always, is to deliver total returns on a per unit basis of 12% to 15% over the long term.

We remain committed to continuing to broaden our investor base, facilitating increased demand and enhancing trading liquidity for Brookfield Renewable. As our business continues to grow and globalize, we are seeing increased demand from prospective investors. As such, we are pleased to announce that we are creating a structure that will allow our investors additional optionality to invest in Brookfield Renewable through either the current partnership or through a newly created, publicly-listed Canadian corporation, known as BEPC, both of which will provide investors access to the same globally diversified renewable power portfolio with a strong track record of growth.

BEPC will be created via an effective stock split, and the Class A shares should be economically equivalent to the existing LP Units as they will pay identical dividends and distributions and the BEPC Class A shares will be exchangeable into the LP units at any time at the option of the holder. We believe this initiative should support the expansion of our investor base by attracting new investors that are currently unable or unwilling to invest in our LP structure due to tax reporting or other attributes, and will allow us to be eligible for certain indices or ETFs that the BEP LP units are not eligible for.

During the quarter, we acquired a 200-megawatt recently constructed, fully contracted wind farm in China for $45 million net to BEP. We also continued to advance our distributed generation joint venture in the country, commissioning 8 megawatts of rooftop solar and advancing an additional 12 megawatts that we expect to be online by the end of the year. We continue to remain disciplined and measured on growth in China by looking for high value, low-risk investment opportunities.

We also advanced the build-out of our development projects globally. We remain on track to close our acquisition of a 50% interest in X-Elio, a premier global solar developer in the fourth quarter, which will significantly enhance our solar development capabilities. We also progressed construction of 150 megawatts of capacity, 960 megawatts of advanced stage projects globally, including 60 megawatts of wind repowering projects in the United States.

Finally, subsequent to the quarter end, we invested an incremental $50 million into TerraForm Power as an investor in its recent $300 million equity issuance. Following this issuance, our proportionate interest in TerraForm Power is largely unchanged, which for BEP is approximately 30%. TerraForm Power recently closed its acquisition of a 322-megawatt distributed generation portfolio in the U.S., making it one of the largest owners and operators of distributed generation across the United States.

I'll now turn the call over to Wyatt to discuss our operating results and financial position.

Wyatt?

Wyatt Hartley, Chief Financial Officer

Thank you, Sachin, and good morning, everyone.

During the third quarter, we generated FFO of $133 million, up from $105 million during the same period in the prior year. In the third quarter, our hydroelectric segment generated FFO of $125 million, up 20% relative to the same quarter in the prior year. While generation for the quarter was below the long-term average, driven largely by drier conditions in the U.S. Northeast and Canada, generation so far this year has exceeded the long-term average by 5%.

As we have stated for many years, we do not manage the business based on under- or over-performance of generation relative to the long-term average and do not factor this into our planning. Instead, we remain focused on diversifying the business from both a geographic and technology perspective, which mitigates exposure to resource volatility and regional or market disruptions.

Additionally, we continue to advance initiatives to extract additional value from our hydroelectric portfolio. For example, earlier this year, we qualified our 820-megawatt Sogamoso hydro facility in Colombia, which has 12 months of reservoir capacity, to provide grid-stabilizing ancillary services, which is expected to add an incremental $3 million to our FFO on an annual basis.

Our wind and solar segments generated a combined $72 million of FFO, up 20% relative to the same period in the prior year. We benefited from contributions from our operating and growth initiatives, including 210 megawatts of wind acquired in India, 51 megawatts of wind capacity commissioned and acquired last year in Ireland, and significant cost savings realized from the implementation of TerraForm Power's new long-term service agreement for its North American wind fleet.

Our storage and other segments generated $6 million of FFO during the quarter as our portfolio continues to provide critical grid-stabilizing ancillary services and backup capacity to increasingly intermittent grids. For example, in August, the U.K. experienced a major electricity disconnection event that resulted in a blackout affecting more than 1 million customers. Between 60 seconds to 4 minutes after the disconnection event, our First Hydro portfolio, which represents 75% of the U.K.'s storage capacity and has very fast ramp-up capabilities, provided more than half of the power used to restart the grid. We were the critical link to restarting the electricity grid in the U.K. on that day.

We continue to work with all stakeholders to highlight the strategic importance of First Hydro in the U.K. and Bear Swamp in the U.S., and how the scale and speed of their response capabilities can be instrumental in managing the grid.

Our liquidity position remains robust with $2.5 billion of total available liquidity. During the quarter, we continued to take advantage of the low interest rate environment to execute on $2.3 billion of financings and approximately $210 million of capital recycling initiatives, raising a total of $320 million of incremental liquidity to BEP.

During the quarter, we issued a C$600 million investment-grade corporate green bond offering, through which we completed the early refinancing of our 2020 corporate maturity. This issuance represents the largest corporate green bond ever issued in Canada and our fifth green bond issuance to date for total outstanding green bonds of almost $2 billion. This bond was issued in 2 tranches – 10 and 30 years – which nearly doubled the average term of our corporate debt to over 10 years.

We also advanced our capital recycling program, and subsequent to quarter end, closed the sale of two mature European wind portfolios as private investors continued to view high-quality, contracted renewable power assets as a proxy to government bonds, but with a higher yield.

The first sale was of our 68-megawatt wind portfolio in Northern Ireland, which we developed between 2016 and 2018. The second sale was of our 123-megawatt wind portfolio in Portugal, which we acquired in 2015 and subsequently derisked by enhancing the capital structure and renegotiating the O&M contracts on better terms. Together, these sales generated proceeds of $186 million or $74 million net to BEP and crystallized an 18% compounded annual return since acquisition.

Looking ahead, we continue to focus on executing our key priorities, including maintaining a robust balance sheet and access to diverse sources of capital, enhancing cash flows from our existing business and assessing acquisition opportunities.

As always, we remain focused on delivering to our unitholders long-term total returns of 12% to 15% on a per unit basis. We thank you for your continued support, and we look forward to updating you on our progress in that regard.

That concludes our formal remarks. Thank you for joining us this morning. We'd be pleased to take your questions at this time. Operator?

QUESTION AND ANSWER SESSION

Operator

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

Sean Steuart, TD Securities

A few questions. The $14 million of incremental FFO tied to the ruling in Brazil reaffirming historical generation. Can you give a little bit more detail on that item this quarter, and I presume that's sort of a one-off, but any context you can give us there?

Wyatt Hartley, Chief Financial Officer

Yes, that's right, Sean. Thanks for the question. So really what that relates to is in and around the 2010 timeframe, there was a revision to how the assured energy in the MRE pool in Brazil was calculated that impacted the assured energy that was assessed on a small subset of our small hydros.

In 2015, there was a court issued injunction, which reversed that and brought us back to the assured energy that we would have historically always had and would have underwritten on, but there was an appeals process going on from 2015 to 2019, so while we were collecting cash on that additional energy, we were providing against it just while that appeal was being dealt with. We subsequently won that appeal in Q3, and so recorded all of that revenue in the quarter. But as you mentioned, it really is kind of a one-time. But going forward, we'll be recording our revenue on a higher energy base going forward.

Sachin Shah, Chief Executive Officer

Yes, and Sean, maybe just to remind anyone who's listening, most of our facilities in Brazil benefit from just a fixed volume of power that we sell. So it doesn't matter whether it's very rainy or dry, we can sell our power just under a stamped amount of output. And a few years ago, the government challenged that. It's been a long-standing practice in Brazil, and thankfully, the courts upheld the validity of that practice, which means that we will have that benefit going forward. It creates a really stable cash flow profile for the assets, and we don't take any hydrology risk.

But to be conservative, for the last few years, we were booking into our revenue a lower amount of earnings not sure how the outcome would happen. So now that we know we'll be able to pick up the additional earnings, as Wyatt alluded to, and all of our -- virtually all of our assets in Brazil will benefit from this fixed volume ability to sell and therefore, we won't take hydrology risk.

Sean Steuart, TD Securities

Got it, thanks for that detail. Sachin, just more detail on, I guess, the China 200 megawatts of wind you acquired there as well. Background on that transaction, how it materialized? And as you build your footprint in China, any context on the opportunity set for further M&A in that country going forward?

Sachin Shah, Chief Executive Officer

Yes, sure. So look, if you look at our prepared remarks, I made the point of saying, we're going to be careful in China. We're going to be measured. It's a great country to invest in. There's a strong support for renewable from a government perspective, there's obviously a significant demand for renewable power. But just given the environment we're in, we need to be careful.

And so we're taking, what I'd say, incremental steps to building a business there. And the way you should think about it is we're both being measured on the amount of capital we put in. So you could see the actual check from BEP was quite small. But more importantly, we are looking at assets that maybe are just not being looked at by the large SOEs who really are looking to deploy meaningful amounts of capital.

So we've carved out a little niche for ourselves, that niche is small transactions like the Envision deal that we just did, plus DG that we did do on rooftop that typically has credit certainty from companies that are outside of China, i.e. companies that are building manufacturing in the country. So that's our strategy. And I think you shouldn't expect any drastic change in that. We'll just be measured and build a small niche business in the country to keep our foot in the door and to be involved in one of the largest markets in the world.

Sean Steuart, TD Securities

Understood, I'll get back in the queue. Thanks guys.

Operator

Our next question comes from Rob Hope with Scotiabank. Your line is now open.

Robert Hope, Scotiabank

Morning everyone. I want to first start off with BEPC. Just seeing that the exchange ratio is a little bit different than we're seeing for BIP, I want to get a sense of what's driving the overall size of BEPC? Is it tax considerations on your side? Or a view of potential demand in the market for a taxable product there?

Wyatt Hartley, Chief Financial Officer

Yes, thanks for your question, Rob, it's Wyatt here. What I would say is when we looked at the sizing of BEPC, of course, we wanted to do it on a tax-free basis in terms of that transaction, and also, we want to make sure that the vehicle had the scale and the liquidity to attract investors. And so for us, when we came up to sizing, we were very comfortable that the size we came up with, one, we were able to do on a tax-free basis; and two, it gave the vehicle sufficient scale to really trade well and have sufficient liquidity.

So it was really a balance of those two things. It's a bit different than what the, as you referenced, the infrastructure, the sizing on theirs, but a lot of that was probably driven by the taxable nature -- or achieving the first aspect of being tax-free. But for us, we're able to do a bit bigger and felt like, as I mentioned that it gave us enhanced liquidity and it would make an attractive security for us going forward.

Sachin Shah, Chief Executive Officer

Yes, also, Rob, just remember, Brookfield Asset Management owns 60% of BEP and owns 30% of BIP, our sister company. So to Wyatt's point, for us to make sure there's enough liquidity in the stock, we had to factor that ownership interest in as well because what we don't want to do is have so few BEPC shares out there that they can't trade, there's no liquidity, and therefore, people don't get the benefit of owning them. And so part of our thinking was also to make sure there's enough liquidity in the system.

Robert Hope, Scotiabank

All right, appreciate that. And then just moving over to X-Elio. Now that you've -- the transaction was announced a couple of months ago, should close in the relatively near term. How are you thinking about the overall size of the development projects there? And kind of how -- what amount of megawatts do you think you can put into the market per year? And will that be a self-funding model there?

Sachin Shah, Chief Executive Officer

So I'll start with the last point. Yes, we intend it to be self-funding. For the most part, if you think about the company having an aggregate quantum of capacity in the range of 6,000 megawatts, think of it as almost 2,000 that's either operating or under construction and then another 4,000 that they want to build out over the next 5 to 7 years.

And that's not to suggest all of that will get built out, but that's the pipeline today. And our view would be that we would generally be selling operating assets that are either in existence today or that we complete through construction. We can use the accretion there to then fund the follow-on development, and therefore, it should be a self-funding model.

Obviously, if we find unique ways to grow the franchise, then we're going to put capital in because it's going to have a great return for our investors. And if we find projects that are of significant scale, we'll do that as well. But based on the business that's there today, it should be largely self-funding.

In terms of how much they intend to build out per year, we're probably looking at around 500 megawatts per year of construction or completed projects on the low end, and on the high end, our business case would have somewhere in the range of 800 megawatts. So it's going to be a fairly robust build program.

But this is an excellent management team. They have a long track record of building and developing solar projects, and we intend to support them with our scale. And it's just a unique way to partner with a developer today that could benefit from scale, our ability to procure more cost effectively, our access to capital and our global support network.

Robert Hope, Scotiabank

Alright, appreciate the answers. Thank you.

Operator

Our next question comes from Mark Jarvi with CIBC Capital Markets. Your line is now open.

Mark Jarvi, CIBC Capital Markets

Thanks, good morning everyone. Maybe just on BEPC and just the structure. Can you just remind us again assets held through which will be essentially BEPC and if that limits any ability to asset recycling of those assets and which collection of assets might be held inside that entity?

Wyatt Hartley, Chief Financial Officer

Yes. So Mark, thanks for the question, it's Wyatt here. So the -- effectively, what BEPC will own will be our Colombian assets and then the majority of our Brazilian assets.

In terms of how that impacts the business, we really think of it as very limited or no impact really because we will still control the vehicle out of BEP as well as we have significant lines in between the two vehicles, around $2 billion so that we can manage working capital etc. plus BEP will own the C class of BEPC shares, which effectively gives BEP the rights to all the residual cash flows that are paid out through distribution to the BEPC unitholders.

So in terms of how it impacts our operations, we really see it as really nothing, but it does own the majority of our Brazilian assets as well as all of our Colombian assets.

Mark Jarvi, CIBC Capital Markets

And no impact on how -- what you would view as higher priorities for asset recycling, like is there any difference from...

Wyatt Hartley, Chief Financial Officer

No, our priorities, as you know, on asset recycling is really trying to find those assets that have the highest value that we're going to be able to attract the highest valuation in the market compared to where we value it and, in terms of the structure, that really won't impact how we approach our asset recycling program.

Sachin Shah, Chief Executive Officer

Yes. And maybe just to add, over time, we can always change the mix of the assets in that portfolio, so, to the extent that we want to recycle capital, we'll have that flexibility. In the end, this is designed to be economically entirely equivalent to our BEP shares. And therefore, we're not trying to impose any constraints on the vehicle that would then limit our ability to optimize it.

Mark Jarvi, CIBC Capital Markets

Okay, good to know. And then while we're talking about asset recycling, obviously, interest rates are low, we talked about a lot of the assets you guys have been selling are contracted. As we go to more merchant assets and even if you think about the X-Elio pipeline and types of contracts, how do you guys think about over the next sort of 5 to 10 years contract mix impacting what types of assets and the pricing you get on asset recycling?

Sachin Shah, Chief Executive Officer

Sure. So look, if I was to say over the next decade, clearly, you've seen over the last decade contract pricing has come down. The merchant markets are largely ineffective today as a viable long-term place to sell power unless you have dispatchable assets.

We have that in our hydro business. So I would say if you have hydro or gas or coal, if you're a traditional power producer and you have those baseload technologies, then you're using the merchant market to sell and, in the end, our hydros have a tremendous advantage there because we don't incur fuel costs. But if you're wind and solar, you really need to contract out the assets. They're not dispatchable. Batteries are not economically viable. And therefore, you either secure PPAs upfront, or you have a long-term contracting strategy that reflects the marginal cost of those technologies.

So I would say none of that should change over the long-term. The only game changer will be storage. If you can couple renewables with storage either from pumped storage or from hydro or from batteries if they become economically viable, it just allows you to offer the market unique products, and therefore, the market could pay you a bit of a premium because getting that 24/7 or getting that load-following or demand-following renewable product is still something that we don't see in the market today. So that is something that we see as an advantage of our portfolio to be able to offer that.

And then, obviously, from a rate environment perspective, just given the stable cash flows of wind and solar, if rates stay low for long, which we believe they will, then these assets will continue to be very valuable. That being said, in the auction markets today, they're being bid up at a pretty healthy multiple. And therefore, I can't imagine that you'll see them continue to rise in value from here. They're already being bid up to mid-single-digit-type returns. And in that environment, we should sell assets on a select basis so that we can redeploy the capital on a cost-effective basis.

Mark Jarvi, CIBC Capital Markets

Okay, thanks.

Operator

Our next question comes from Nelson Ng with RBC Capital Markets. Your line is now open.

Nelson Ng, RBC Capital Markets

Great, thanks. Just to follow up on China. You mentioned that you'll be targeting smaller assets. Would that strategy primarily be based on just looking for bilateral agreements to buy assets? Or is it through a competitive sales process?

Sachin Shah, Chief Executive Officer

Everything to date has been bilateral. I don't think we'd be that prescriptive about it, Nelson. I suspect just given the nature of the transaction market there, you really do have to build a strong outreach program and engage in bilateral relationship building. But like all markets around the world, as markets develop and evolve, companies seek to run options for their assets they believe will command a strong interest. And again, we would look at that. It doesn't mean we'll be successful because that's generally not an area that we thrive in. But we're not being that prescriptive.

Nelson Ng, RBC Capital Markets

Okay, got it. And then my next question relates to -- I think the reduction in some operating costs drove some of the results this quarter. It looked like operating costs reduced by about $18 million. I'm not sure whether you're able to kind of carve out how much of that cost reduction was due to cost savings versus other factors like FX or divested assets?

Wyatt Hartley, Chief Financial Officer

Yes. I mean, Nelson, what I would say is that, that amount that's reduced in the current period, there's a mix of timing in there just around when those costs occurred during the year. There's a mix of FX, the Peso had moved against us year-on-year. But what I would say, kind of focused on the year, we had a view of we could achieve $10 million to $15 million of savings over the full year. We're on track to achieve that for the year, so I wouldn't really focus too much on the quarter. It's really kind of as those cost savings come through the year, and we're well on track to achieve that $10 million to $15 million on that basis.

Nelson Ng, RBC Capital Markets

Okay, perfect. And then just one last question. In terms of the longer-term contracts in Colombia and Brazil, could you just give a bit more color in terms of how the current market environment is in terms of, like how does the long-term price compare to the medium- and the short-term price?

Sachin Shah, Chief Executive Officer

Nelson, sure. So first of all, remember, both Colombia and Brazil don't really have what I would describe as liquid merchant wholesale markets. So therefore, you're either just a price taker in the short term or you're building a bilateral contracting capability.

And therefore, if you look in both of those markets, our business is really about serving customers, developing relationships with them and then securing contracts anywhere from 1 or 2 years to 3 to 5 to 8 to 12, depending on the underlying customer's needs. And in Colombia, we've made it a point over the last few years to really pushing contract term out and talking about that on these calls about securing longer-term contracts to get price stability.

I would say in both of the markets, what we generally find is that there is a consensus long-term view of power that really is not hinged on short-term volatility. And it's really around the cost of newbuild in those markets. And to the extent that we can provide a slight discount to the cost of newbuild, then investors -- or sorry, commercial counterparties, are willing to sign up to those longer-term deals because it provides them stability in their cost structure.

So in Brazil, today, I would argue that, that long-term view of newbuild is slightly higher than the current market sells for. But very equally, if it's a dry period, that short-term power price just spikes up well above the long-term power curve. And then the same thing in Colombia, if you're going through an El Niño and it's very wet, then the power price gets depressed. But in the long-term, people will still sign up to more of a fundamental view. And from our perspective, we're not trying to take short-term profits at the expense of long-term stability. So we will always prioritize long-term contracts over grabbing a few extra dollars in the short term.

Nelson Ng, RBC Capital Markets

Okay, thanks for all the color Sachin. Those are all my questions.

Operator

Our next question comes from Rupert Merer with National Bank Financial. Your line is now open.

Rupert Merer, National Bank Financial

Good morning. So back to the 200-megawatt wind project in China, can you give us some color on the terms of the contract and who the offtake is with?

Wyatt Hartley, Chief Financial Officer

Yes. So Rupert, the details on that 200 megawatts, the project is located in Shanxi, which is really the coal-producing province in that country. It's with the local discom, which given the credit quality of that province and their fiscal position, it's high-quality counterparty. It's long duration. It's almost upwards of 20 years. So all the things that we look for when acquiring an asset of that nature.

Rupert Merer, National Bank Financial

And would that contract have inflation protection? Does it have any curtailment risks?

Wyatt Hartley, Chief Financial Officer

So the contract doesn't have inflation through it. In terms of curtailment, just given, as you can imagine, given it's in the coal region of the country, the transmission build-out in that region is really strong, really significant. So there's very little impact on curtailment given the strength of transmission in that province.

Sachin Shah, Chief Executive Officer

Yes, and I would just add, throughout China, there is always curtailment, no different than we see in the U.S., especially as intermittent generation hits the grid. We underwrite curtailment in our view of value. We have a benefit of already having existing wind farms in the country, and we've seen firsthand curtailment.

And in fact, from our perspective, because curtailment in China is a little bit higher than what we've seen in the U.S., it acts as a little bit of a downside protection mechanism, we underwrite to the current curtailment and then as the country reinforces its grid, as utilities build out transmission, what we've seen is actually curtailment declines, and it acts as additional value to our returns that we never paid for. So we've seen that play out with the assets we bought in 2017 through TerraForm Global, and we would expect the same here just given that the curtailment in China as a market is higher than most parts of the world.

Rupert Merer, National Bank Financial

And what would your typical financing strategy look like for a project in China? Are you going to be using project debt? And this is the cost of the debt comparable to what you might see in other developing markets.

Wyatt Hartley, Chief Financial Officer

Yes, Rupert. So what I would say is we definitely use project debt, that's our focus across any project that we do, any financing we do, same idea, long duration, fixed-rate debt, all of our core financing principles. In China, it is a bit of a different financing market, you can either deal with offshore banks or onshore.

In this specific case, we were able to secure financing on an onshore basis largely on the back of the strength of the contract with respect to these projects. Specifically, in terms of the cost of debt, it's going to be a bit higher than what you see in developed markets. I'd say it's around 100 to 200 basis points, but still kind of in that 5% to 6% range, so still a very accretive way to finance the project.

Rupert Merer, National Bank Financial

Great, that's all I have. Thanks for the color.

Operator

Our next question comes from Frederic Bastien with Raymond James. Your line is now open.

Frederic Bastien, Raymond James

Thanks, just wanted to close the loop on China. You took a 45% interest in the wind farm, which is larger than your normal pro rata share. Is there anything we can read into that?

Sachin Shah, Chief Executive Officer

Frederic, I think the 45% is for the total amount of capital we deployed in the country, which is a mix of both the wind farm, plus the small DG investments that we put in. So it may be worded a little bit poorly, but we have a 50-50 JV on the rooftops, and we put in 30% of the capital through our fund. So the wind farm, we would have 30% and then we would have 50-50 on the rooftop and the blended amount that we put in would be around 45%.

Frederic Bastien, Raymond James

Okay. That explains it. Thanks, that's helpful. You provided a good example of First Hydro's ability to provide a critical backup capacity, but your storage business is relatively small in the grand scheme of things. So I'm just wondering how do you grow or ensure that you maximize the value of that business on a go-forward basis?

Sachin Shah, Chief Executive Officer

Well, look, pumped storage, by their nature, are not -- there's not a lot of them around the world. And therefore, the ones that are there are quite valuable. And we think will become more valuable over time just given wind and solar being adopted in major markets and the lack of development of battery technology at a pace that maybe we would have thought 3 or 4 years ago.

And what happened in the U.K. is a great example. It's a reminder to regulators of the fact that batteries alone cannot solve for those instances where you have significant outage events in markets. So I would say from our perspective, pumped storage is a great asset class; if we could acquire more, we would. And the other forms of storage we have in our business, which are also quite unique, are reservoir-based hydro or are low capacity factor, run of the river hydro plants where you can modulate river flow. And again, those things are quite unique.

And because of that, if you look at the revenue profile of those types of assets, they're far more diverse than a simple wind or solar farm, where you can earn four or five different types of revenues. You can earn energy, capacity, ancillary services, black start capability. There's a number of different things you get paid for. And we've made it a point for many years that we think because of that, the earnings quality of our business, which is not just tied to energy prices alone, is very high.

Frederic Bastien, Raymond James

Okay, thanks Sachin. That was very helpful.

Operator

And I'm showing no further questions in queue at this time. I'd like to turn the call back to Sachin Shah for closing remarks.

Sachin Shah, Chief Executive Officer

Okay. As always, thank you, everyone, for your support. We look forward to updating you at the end of the year with our full year 2019 results. Thank you. Goodbye.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.