

CORPORATE PARTICIPANTS

Sachin Shah, Chief Executive Officer

Wyatt Hartley, Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Sean Steuart, TD Securities

Andrew Kuske, Credit Suisse

Rupert Merer, National Bank Financial

Nelson Ng, RBC Capital Markets

Mark Jarvi, CIBC World Markets

Robert Hope, Scotiabank

Ben Pham, BMO Capital Markets

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to Brookfield Renewable Partners Fourth Quarter and Year End 2018 Results Conference Call and Webcast.

I would now like to introduce your host for today's conference, Chief Executive Officer, Sachin Shah. You may begin.

Sachin Shah, Chief Executive Officer

Thank you, operator. Good morning, everyone, and thank you for joining us for our fourth quarter 2018 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.

2018 was another strong year for the business as we continued to execute on our operating, funding and growth initiatives. We invested considerable time during the year enhancing our operational and investment capabilities around the world. We also raised significant amounts of capital to ensure we are well positioned to invest on a value basis during this next cycle. Since our inception in 1999, we have delivered a 15% per unit compounded annual return to unitholders, and we remain focused on delivering long-term stable returns as we build the business.

Of note, in 2018 our FFO increased 14% on a per unit basis over the prior year, as all of our businesses performed in line with expectations. Key operating priorities included cost reduction initiatives in North America and Colombia, which should improve our margins by approximately \$20 million annually in the future. We continued to build out our operating teams in the U.S., Europe, India, and China over the year, and continue to support our longer-term plans in these markets.

From a growth perspective, we commissioned approximately 60 megawatts of new wind and hydro development, advanced over 350 megawatts of development in our pipeline and maintained our opportunistic approach to development, which minimizes funding obligations and ongoing costs. We invested \$550 million into growth during the year, including acquisitions and share buybacks. Accordingly, we repurchased approximately 2 million BEP units, primarily in the fourth quarter, at \$27 per share.

Our balance sheet and funding capabilities are strong. We executed on our asset recycling strategy selling a partial interest in mature assets and exiting non-core markets. We extended all near-term debt maturities during the year, increasing the average duration of our debt to 10 years. We now have no material debt maturities until 2023. We also maintained our investment grade balance sheet, increased available liquidity, which should exceed \$2.2 billion once previously disclosed asset sales are closed. And finally, we continue to improve our distribution payout ratio, which ended the year at 95% of FFO on an actual basis and 90% of FFO on an annualized basis.

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

Wyatt Hartley, Chief Financial Officer

Thank you, Sachin, and good morning everyone. In 2018, we generated FFO of \$676 million, a 16% increase over the prior year. During the year, our focus was on integrating recently acquired assets and enhancing our operational depth. At TerraForm Power, post the acquisition and sponsorship by Brookfield, the company was able to stabilize operations, reinstate preventative maintenance programs, engage with suppliers, and establish new teams and processes. This should lead to improved asset availability, more predictable capital expenditures and enhanced operating margins over time.

In addition, in TerraForm Power, we completed a significant acquisition of recently built wind and solar assets in Spain, which almost doubled the cash flows of the company on an annualized basis and facilitated the overall improvement of the company's capital structure. This also assisted us to eliminate negative financing covenants and improve TerraForm Power's balance sheet rating. The acquisition should provide stable long-term cash flows to TerraForm Power at accretive low-teen returns and based on recent announcements of improving tariffs in Spain, could exceed our expectations.

We have one of the largest hydroelectric businesses in the world, which we have doubled in size and expanded across multiple geographies over the last five years. These assets contributed \$671 million to FFO in 2018. Hydroelectric assets benefit from long useful lives, often over 100 years, low operating and ongoing capital costs, and the ability to match power supply with demand, given their embedded battery-like characteristics.

Operationally, we continue to lengthen the term of our power purchase agreements in Colombia and Brazil, where power price volatility provides opportunities to enhance and stabilize future revenues. Our contracts in both markets are generally at or below market and therefore, we see term extension as a unique opportunity to lock in upside. In North America, power prices remain low and therefore, we continue to sign shorter-term contracts at our hydro facilities to ensure we retain upside optionality if prices spike. We have several large legacy PPAs rolling off over the next three years for assets that deliver power to New England. Fortunately, these contracts, on a net basis, deliver power at prices in the range of the current market. Therefore, on renewal, we expect overall revenue to be impacted by \pm \$5 million. Beyond these contracts, we do not have any material PPA maturities in North America until 2029.

Our wind assets delivered \$160 million of FFO in 2018. Over the last 18 months, we more than tripled the installed capacity of our wind fleet through large-scale and tuck-in acquisitions, and development projects coming online. Given that we now have a portfolio of wind assets across 10 countries and four continents, this geographic diversification provides a significant mitigating benefit to resource variability and is a good example of why we prioritize diversification as a key value driver of our business.

Our solar, storage, and other operations contributed \$104 million of FFO in 2018, as we benefited from large-scale acquisitions in 2017 and 2018. Today, we have nearly 1,800 megawatts of PV, concentrated thermal, and distributed

generation solar, as well as 2,700 megawatts of both pumped and battery storage. Our solar facilities are underpinned by highly contracted cash flows with an average remaining PPA term of 17 years. Our storage facilities continue to provide critical grid-stabilizing ancillary services and back-up storage capacity, products that are becoming increasingly valuable given the intermittency of wind and solar.

With regard to our balance sheet and liquidity, we currently have no material debt maturities over the next four years, and our overall debt duration is 10 years. We have limited exposure to rising rates, with only 7% of our debt in North America and Europe exposed to interest rates.

We are well protected from foreign exchange volatility as we hedge all of our developed market currencies. We also hedge currencies when we are in the process of an asset sale, as we did, for example, with our select Canadian hydroelectric assets and our South African portfolio, locking in very attractive returns on these disposals. Accordingly, an overall 10% move in the currencies of markets we operate in, both developed or emerging, would have an overall 4% impact to our FFO.

Post completion of recently announced asset sales, we will have \$2.2 billion of available liquidity. Over the course of the year, we announced our completed key capital raising initiatives across the portfolio. These initiatives included the sale of a 25% interest in a portfolio of select Canadian hydroelectric assets as well as the announced sale of an additional 25% interest, a small wind development project in the U.K., as well as sales of our non-core assets in South Africa, Thailand, and Malaysia, which were agreed in 2018 and which we expect to close in the first half of 2019.

Looking forward, we have a robust pipeline of assets that we believe would attract low cost of capital buyers in the sales process. Therefore, we expect the majority of our growth to be funded by the proceeds from asset sales, cash flows retained in the business, and issuances of preferred equity or corporate debt. As such, while we may issue equity when it makes financial sense, given the above-noted funding sources, we are not reliant on accessing this market to fund our growth. In light of our recent growth, strong balance sheet and access to capital, we are pleased to announce that our Board of Directors has approved a 5% increase to our quarterly distribution, bringing our annual distribution to \$2.06 per unit.

On a final note, and on behalf of our employees and directors, we would like to express our sincerest appreciation to our unitholders and many business partners for your contribution to our success. Thank you for your continued support, and we look forward to updating you on our progress in 2019.

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

Our first question comes from Sean Steuart with TD Securities.

Sean Steuart, TD Securities

Thanks, good morning everyone. Couple of questions. It seems like you're still predisposed to asset sales, given the valuations you're seeing in the market. Can you give us an idea of the scale of that opportunity set in terms of how much you'd be willing to part with, and I assume it's fractional stakes of assets you still own, but an idea of, I guess, the scale you're looking at potentially over the next little while?

Sachin Shah, Chief Executive Officer

Hi Sean, it's Sachin here. Look, we're not programmatically selling assets. I hope that's not what anyone thinks. We will sell assets when we feel we have a robust growth pipeline. And today, our M&A pipeline is very strong around the world, and therefore making sure that we have a strong level of liquidity is just prudent in that regard.

So, I think it's going to be opportunistic. It's not a programmatic type of response to generating liquidity. And the reality is as long as there is a significant supply of low-cost capital around the world, whether that be from institutions, private investors, asset managers or other power companies, then we think the bid will remain strong, and we don't see that changing anytime in the near future.

So, I'd say right now, with a line of sight to over \$2 billion of liquidity, we're in great shape and that should allow us to fund our growth over the next few years very comfortably without stressing our balance sheet or without needing to tap public equity markets. Beyond that, it'll be, again, based on the strength of our M&A pipeline.

Sean Steuart, TD Securities

Thanks for that. Next question is on Colombia. We saw some good margin gains there. Can you give us an idea, I guess, of costs you're still able to take out of that portfolio going forward? What are your objectives there?

Sachin Shah, Chief Executive Officer

Yes, when we acquired Isagen, we had a seven-year program that we had undertaken to reduce costs, improve capitalization, manage the tax profile of the company, start to build out the development pipeline, and increase term of contracts. And we're three years into that. So, I'd say we still have very, very good line of sight for the next four or five years. And naturally, when you get into a business, you find things that you didn't realize would be there when you underwrote the transaction, and so I'd say, it's been a really positive surprise coming into that organization and working with the management team. And I think we have at least five more years of very strong improvement from a margin perspective and more importantly, opportunities to grow the portfolio through development.

Operator

Our next question comes from Andrew Kuske with Credit Suisse.

Andrew Kuske, Credit Suisse

Thank you, good morning. So, the first question relates to the buyback that you did in the quarter, the 2 million units. Would you have done more or were you actually liquidity-constrained at certain points in the market?

Sachin Shah, Chief Executive Officer

Hi Andrew, it's Sachin. So, we definitely would have done more. I think given our available liquidity right now, we had set a price target in our mind of where we wanted to buy shares back considering other investment opportunities and our target returns. So, for us, buying back stock, it has to make sense for us from a return perspective relative to other opportunities we see. And in and around that \$27, we had a line of sight to mid- to high-teens type returns from what we believe the intrinsic value of the business to be and therefore, if the stock persists to that level, we see it as very, very good value and are happy to continue to put dollars to work reducing the share count of the business.

Andrew Kuske, Credit Suisse

And then maybe just a follow-up. When you think about the public-private market divide that exists, clearly that presents an opportunity from selling certain assets, you clearly have bought back your own units, you can develop things. How do you look at the equation on balancing all of those interests? And then, also to throw in the mix just the complexity that's associated with, say, selling partial interests in certain assets?

Sachin Shah, Chief Executive Officer

Yes, look, I think, I'll start with your last comment, which is the complexity of selling assets. I think, today, given the stage we are in the business, where almost everything we acquire is through our private funds, we've become very adept at being regular sellers of assets, recognizing that our funds have 12 to 14 years of life attached to them. And therefore, if we can create the value that we envisioned when we acquired an asset and we can generate that very strong return, then taking some money off the table and redeploying it into an attractive opportunity is really a good use of capital. And from a shareholders' perspective, you can sell to a single-digit cost of capital, a 5% to 7% type return buyer, and redeploy in that mid-teens type of return range, there's very, very meaningful accretion that drops to the bottom line.

And in fact, I would say, you could see it in our business. We had a pretty difficult payout ratio three or four years ago and we steadily chipped away at that and brought it down below 100%, and we continue to do that. And all of that is largely because most of our growth in the last five years has actually come through asset recycling and through redeploying that capital into stronger M&A opportunities. We did do a few equity issuances, but not nearly of the quantum of the capital we deployed. So, I think, you can actually go back and look at our track record over the last five years and see the value of that accretion. And if we continue to use that strategy, I think, the accretion will be even stronger going forward.

In terms of balancing out between M&A, development and share buybacks, we've never been a large developer of assets. And for us, development we think about as really, it has to have better returns given it has higher risk than M&A. And I think what we've seen in the developed markets around the world today, is that the returns that investors are chasing are so low that many of them have also gone aggressively into development and bid those returns down to very low levels. And the differentiation of risks is not being factored into those returns. So today development in the Western world, North America and Europe, still continues to attract a single-digit type return, but you're taking all of that development risk and you're creating a funding obligation. So, what I would tell our investors is you shouldn't expect us to have a large development program in that part of the world unless we start to see the risk-reward profile change. And more importantly, we don't have the obligation to have to fund development pipeline and development burn rate like some of our competitors do, which is a huge advantage when you want to protect your capital in your balance sheet.

And then lastly, on share buybacks. It's completely opportunistic for us. We have a normal course issuer bid program under which we can buy back stock and if we see markets become highly volatile, like we did in December, we're going to be aggressive in buying back the stock.

Andrew Kuske, Credit Suisse

That's very helpful. One quick one, if I can. Did you have any benefit from polar vortex in the month of January in the North American portfolio?

Sachin Shah, Chief Executive Officer

Yes, a little bit. We saw prices spike for a few days here and there. I'd say, the bigger impact was really on the forward curve where we saw sort of that 90-day forward period, really spike for a few days and then come completely

off as warmer weather came in. You know Andrew, I'd say, and I make this comment about both pricing and generation, as we've diversified the business in the last five years and become much more global in nature, the impact of either significant movement in prices or hydrology has really become much smaller relative to the overall portfolio. So, it's nice when it happens, but it doesn't move the dial in the business. So, I wouldn't want anybody to think that that's somehow a key driver of results in the first quarter.

Operator

Our next question comes from Rupert Merer with National Bank.

Rupert Merer, National Bank Financial

Good morning everyone. On growth, you mentioned you have a robust pipeline over the next few years. How quickly should we expect you to deploy that \$2.2 billion in liquidity? And can you talk about where you see the growth opportunities? And how important is diversification for you and I imagine diversifying out of hydro and out of North America?

Sachin Shah, Chief Executive Officer

I'll start with the pipeline, Rupert. Today, we see a significant amount of opportunities in India just given that there's been a bit of a dry up of capital in that market recently, especially around renewable power assets. We've been patient in that market, not really building out over the last five to seven years, given how strong the bid has been. And I'd say, all of a sudden, within the last sort of six to eight months, the market has really turned in our favor. So that's an area where we see continued interest and appetite for growth. Southern Europe is also a very strong market for us, and we see further opportunities like we saw with the Saeta transaction midway through 2018. There are pockets in the U.S., largely around development and repowering, where we started to see the first signs of cracks as many of our competitors in the U.S. face significant headwinds in their business and have limited, I'd say, capital for growth.

So, I think those three markets today tend to be the strongest for us. LatAm is always strong, but I would say nothing has really changed in Colombia or Brazil in the last year. Both of those markets remain pretty decent for buyers, but still highly competitive. So, I would say, you should expect us to look for growth or have growth opportunities with a line of sight in India, Southern Europe and pockets of the U.S.

And in terms of whether or not we can secure those transactions, again, it's completely opportunistic. It will depend on whether or not we're successful in the various processes we're in. And we are building our liquidity war chest in anticipation of those opportunities but also future opportunities, given we can look anywhere around the world and that generally works to our favor.

Rupert Merer, National Bank Financial

Great, thanks for the color. And then just quickly, you mentioned in your press release that you've executed cost reduction initiatives around \$20 million so far, and you've given us some color on additional cost reduction. But how much of that \$20 million would we have seen in Q4 or in 2018 versus what we can expect to see in your run-rate next year for 2019?

Sachin Shah, Chief Executive Officer

I'd say, in Q4, we probably started to benefit from most of it, but in the first three quarters, it was sort of dribbling in in a smaller way. So, I'd say, Q4 was really where you started to see the full impact of that.

Operator

Our next question comes from Nelson Ng with RBC Capital Markets.

Nelson Ng, RBC Capital Markets

So, I was just looking at the development pipeline, and I noticed that there's 35 megawatts of solar regarding GLP in China. Could you just roughly indicate how many sites that is? And also, I guess big picture, are there a lot more of those rooftop solar projects coming online?

Sachin Shah, Chief Executive Officer

Hi Nelson. I believe it's around 15 to 17 sites making up that. These are small installations. And what I would say more broadly is, look, we're going to be very modest with our capital deployment in China. We look at it as a very, very long-dated, important market for us, but we recognize the challenges around trade actions and around geopolitical risk.

And so, we're building slowly in the country. The level of capital is going to be modest. I think if you look at our supplemental, we talk about \$1 million of additional FFO coming into business as a result of that. So, I wouldn't want to place undue emphasis or overemphasize the impact of that. I think it's just going to be a slow and steady program of building a bit of a footprint, but investors shouldn't expect significant capital deployment in that market for the foreseeable future.

Nelson Ng, RBC Capital Markets

Okay, because I think then when you guys initially announced the JV, I think you had a target of about 300 megawatts over the first few years. So, I guess kind doing the math, if 39 megawatts gives, I guess, \$1 million of FFO, then we're looking at less than \$10 million of FFO?

Sachin Shah, Chief Executive Officer

Yes, and we're still on track for that. I mean, remember, this is a 50-50 JV with another company, and then the 50% that we have is through our private fund. So, we're 25% of that 50%.

So, it's pretty modest. And again, China is one of the most important countries in the world, one of the largest economies in the world. We're building out for the future, but none of what we build today should lead to significant capital deployment or significant change in the risk profile of the business. And you can just do the math and figure out that even if we build out the full 300, it's less than \$10 million of FFO.

Nelson Ng, RBC Capital Markets

And then just switching over to M&A opportunities, you mentioned that there are a number of opportunities, but you also say that there are, I guess, very low kind of implied returns for operating and development assets. So, is it just mainly in, I guess, India and I guess, Spain and pockets of the U.S. where you see those returns diverge from other markets? And is that why you're focusing on those areas, kind of near term?

Sachin Shah, Chief Executive Officer

Yes, is the simple answer right now. Look, I'll give you this example, Nelson. It was only three or four years ago, where you would have asked this exact same question about wind and solar in the U.S., and we would have said, yes, it's expensive, the market is expensive. And then the TerraForm transaction showed up. And I think what we would say to people is we're opportunistic investors. We're going to move our capital where there's scarcity, and that scarcity is not something that you can predict to a high degree of reliability. But today, based on where we see those pockets of distress and where we know that we are in advanced stages with counterparties, those three markets tend to be the most robust. But, again, if we see an opportunity open up in another part of the world, then we're going to be aggressive in pursuing it, and we have the liquidity, the balance sheet, and the operating expertise to be able to capitalize on that.

Nelson Ng, RBC Capital Markets

Just one last question. In terms of the sale of the second 25% interest in some of the Canadian hydro assets, has an agreement been signed and finalized or are you still in the stages of negotiating with the potential purchasers?

Sachin Shah, Chief Executive Officer

We can't comment. It's an active process right now. So, we just won't comment on where we are, other than saying we're advanced.

Operator

Our next question comes from Mark Jarvi with CIBC.

Mark Jarvi, CIBC World Markets

Good morning. Just wanted to touch base on, you talked about extending contracts and re-upping in Brazil and Colombia. Just wondering what your views are on in terms of the EMP's project, pretty substantial in the Colombian market, how that's going to serve and form your views about if you're taking sort of shorter-term views on exposure or would you rather just keep locking-in for longer to extend the duration.

Sachin Shah, Chief Executive Officer

Yes, look, I think in Colombia, the reason that we are prioritizing longer-term contracts is because it opens up the financing markets for that business, and there's a huge, huge benefit to both increasing the level of financing in the business, but also the duration of the financing from a returns perspective, from a return on our capital invested in that business. So, I would say you should expect us to continue to prioritize longer-term contracts. More than half of the contracts we've signed since we've acquired that business have been between five and 10 years. And we've actually started to sign some contracts in excess of 10 years. And we've increased the debt to EBITDA in the business from 2.5x when we bought it up to about 3.25x now, and that business can comfortably manage close to 4x debt to EBITDA. And if you could do that because you have more certainty on the revenue profile and length to your contract terms, then that will really drive the returns that we underwrote and it's a good strategy for the business to employ.

Mark Jarvi, CIBC World Markets

And then just going back to the commentary about where your contracts roll off on Lièvre and then going down into New England. Given where capacity prices have been clearing, the last couple of auctions coming down, does that capture still in that $\pm 5\%$ revenue band?

Sachin Shah, Chief Executive Officer

Yes, it is, because the contracts we have for Lièvre and for some of our other domestic New England assets, it was an all-in price that included capacity. So, in fact, what we were factoring in was around \$3.50 to \$4 per kilowatt month, which is kind of where the markets are clearing. We never really underwrite or plan in excess of that, Mark. And I think from a long-term perspective that's generally where we've seen the markets gravitate to.

Operator

Our next question comes from Robert Hope with Scotiabank.

Robert Hope, Scotiabank

Hello everyone. Just want to circle back on the comments regarding opportunities in the U.S. in certain pockets. If we go back to the Q3 call, it seemed that you're looking more at corporate acquisitions just given commentary regarding volatility in the equity markets. So just want to get a sense of, are you looking at asset packages, development opportunities or even corporate acquisitions there?

Sachin Shah, Chief Executive Officer

I'd say it's the latter two. So, we're seeing, in the U.S., some distress in the developer community, and we're also seeing some, I'd say, pockets of smaller corporates, not necessarily public, but platforms that do operate in the U.S., solely operate in the U.S., both struggling for access to capital and looking for an operational partner. And I'd say for that, we think we are really well positioned to execute on a few of those opportunities, but obviously it's going to be dependent on how these markets play out and what alternatives those groups have.

Operator

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

Ben Pham, BMO Capital Markets

Thanks, good morning. I want to go back to your commentary on India. You've been pretty bullish on the supply/demand on there for some time. It sounded like a few years back when you mentioned it, it was more just trying to get a better understanding of that market. So, as you sit here, today, Sachin, just hearing your comments, it seems like a lot of the due diligence and the comfort levels reached a level where you can actually look at deploying capital, is it just really the opportunities have to unveil themselves at this point?

Sachin Shah, Chief Executive Officer

I'd say it a little bit differently. We got ourselves comfortable with India, probably -- look, we spent the last six years looking at every renewable power opportunity in India that's come across our desks and come across our group in India. And I would say, it wasn't that we were uncomfortable from a diligence or understanding perspective. We got ourselves comfortable pretty quickly within the first 12 to 18 months on just the overall dynamic. However, valuations were just very, very high for what we felt the risk profile was. And so that valuation dynamic really just had not abated until very, very recently.

So, I think, as you've seen from us, we're patient capital, and it doesn't matter if it's going to take us six years to get into a country or get into a sector. We will take our time. But when we do, we will feel like we acquired for value, and we can build the business then at the right returns for our shareholders. So, I would say India was one of the markets around the world that was quite expensive for the last six years. And all of a sudden, we're just seeing that start to change. And we think there could be some unique opportunities to transact for value in that marketplace.

Ben Pham, BMO Capital Markets

Thanks for clarifying that. And one of your slides on the assets under construction, you mentioned there's another 200 megawatts that are construction ready. Could you detail a bit more of what that is? And I'm also curious, your FFO from that, \$28 million, is substantially higher than the implied change in the megawatts from the construction projects.

Wyatt Hartley, Chief Financial Officer

Yes, Ben, thanks for the question, it's Wyatt here. So, on the construction-ready assets, this is a mix of projects. So, this is some development of wind we have in the U.K. region, and this is really just an expansion of some of the wind projects, and continuing on the development of the projects we have in that region. There are also some hydro opportunities in Brazil and then potentially a few more megawatts with respect to the opportunity we have with GLP in China. So, it's a variety of projects, and really, we're just kind of progressing to the end of securing a PPA or getting the development licenses we need to do that.

And I missed the second part of the question, so can you repeat that?

Ben Pham, BMO Capital Markets

Yes, sure. So, your 150 megawatts right now you're building, you're guiding for \$15 million in FFO. And then the 200 megawatts of construction-ready projects, it's almost a doubling of FFO. So, I'm assuming the construction-ready projects are just higher return?

Wyatt Hartley, Chief Financial Officer

Yes, it's a bit of a mix in terms of, one, whether it's through a fund and obviously we'll take a lesser percent when it's through the fund or when it comes to the Chinese development, of course that's through a JV partnership. So, it's a bit of what is our underlying ownership, and then as you mentioned it is also incrementally the expected cash flow from the project based on the underlying economics.

Sachin Shah, Chief Executive Officer

Yes, maybe just to be clear. Two of the projects in that portfolio of ready-to-construct are directly owned by BEP. So, when they're directly owned, we just generate a higher FFO versus the balance, which are owned through funds.

Ben Pham, BMO Capital Markets

Thanks for that. And maybe lastly, I missed this. This is really just thinking two years from now. Your contract profile, you have a good slide that you always put out. In 2021 the Lièvre contracts roll off. Sounds like the financial impact is not going to be really that significant. But I'm just wondering how do you guys think about your spot exposure because it looks like it's going to go up dramatically. Is that just really a concern when spot prices dramatically increase? Or you have a targeted contracted percentage that you guys want to get to eventually?

Sachin Shah, Chief Executive Officer

Yes, look, I think we definitely don't have a target. I think you should be worried about it if you have high spot prices and you haven't locked it in, and all of a sudden you have a cliff of cash flows coming if the markets turn. We've been, I'd say, both lucky and good about investing in merchant hydro when power prices were low, so a lot of the merchant hydro we bought in the last seven years, we haven't put contracts on it, but we bought it in this market that's been dreadfully low as shale gas prices are down in the \$2 range. And so, we're very comfortable holding those in as merchant assets. Could we lock in one-, two- or three-year contracts? We could, but we definitely will not lock in long-term contracts in this environment.

And then I'd say, where we were lucky was that the contracts that are coming to the end of their term in the next few years, just happened to be at the current market price. So sometimes you got to be a little bit lucky and then other times you got to be good. And fortunately for us, we don't have any meaningful downside risk until 2029, which is the next real major PPA maturities that come due. And I'd say as we've done in the last number of years, we continue to grow the business, continue to diversify, and it continues to mitigate the impact of any one facility or any one PPA coming offline.

So, we have a really good runway ahead of us. We don't have any major cliff in our cash flows for the next 10 years. And between now and then, we continue to have to build the business and deploy capital and diversify around any single market exposure.

Operator

At this time, I'm showing no questions in the queue. I'd like to turn the call back over to Sachin Shah for closing remarks.

Sachin Shah, Chief Executive Officer

Again, as Wyatt said in the prepared remarks, we thank everybody for their continued support in the business, our employees, our Board, our shareholders, and all of our stakeholders. We look forward to updating you on Q1, and we thank you for all your support. Thank you, everyone.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program. You may now disconnect. Everyone have a great day.