Brookfield

2022

CONSOLIDATED FINANCIAL STATEMENTS AND RELATED MANAGEMENT'S DISCUSSION AND ANALYSIS

Brookfield Renewable Corporation

Management's Discussion and Analysis
For the year ended December 31, 2022

This Management's Discussion and Analysis for the year ended December 31, 2022 is provided as of February 28, 2023. Unless the context indicates or requires otherwise, the terms, "we", "us", and "our company" mean Brookfield Renewable Corporation ("BEPC") and its controlled entities. BEPC is an indirect controlled subsidiary of Brookfield Renewable Partners L.P. ("BEP", or collectively with its subsidiaries, including our company, "Brookfield Renewable") (NYSE: BEP; TSX:BEP.UN). Unless the context indicates or requires otherwise, the "partnership" means Brookfield Renewable and its controlled subsidiaries, excluding our company. The ultimate parent of Brookfield Renewable and Brookfield Renewable Corporation is Brookfield Corporation ("Brookfield Corporation"). Brookfield Corporation and its subsidiaries, other than Brookfield Renewable and Brookfield Renewable Corporation, and unless the context otherwise requires, includes Brookfield Asset Management Ltd ("Brookfield Asset Management"), are also individually and collectively referred to as "Brookfield" in this Management's Discussion and Analysis.

In addition to historical information, this MD&A contains forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. See "Cautionary Statements Regarding Forward-Looking Statements".

BEPC's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), which require estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the amounts of revenue and expense during the reporting periods.

References to $, C$, €, R$, and COP are to United States ("U.S.") dollars, Canadian dollars, Euros, Brazilian reais and Colombian pesos, respectively. Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars.

For a description on our operational and segmented information and for the non-IFRS financial measures we use to explain our financial results see "Part 9 – Presentation to Stakeholders and Performance Measurement". For a reconciliation of the non-IFRS financial measures to the most comparable IFRS financial measures, see "Part 4 – Financial Performance Review on Proportionate Information – Reconciliation of non-IFRS measures". This Management's Discussion and Analysis contains forward-looking information within the meaning of U.S. and Canadian securities laws. Refer to "Part 10 – Cautionary Statements" for cautionary statements regarding forward-looking statements and the use of non-IFRS measures. Our Annual Report and additional information filed with the Securities Exchange Commission ("SEC") and with securities regulators in Canada are available on our website (https://bep.brookfield.com), on the SEC's website (www.sec.gov), or on SEDAR (www.sedar.com).

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PART 1 – OVERVIEW

BUSINESS OVERVIEW

BEPC is a Canadian corporation incorporated on September 9, 2019 under the laws of British Columbia. Our company was established by Brookfield Renewable to be an alternative investment vehicle for investors who prefer owning securities through a corporate structure. While our operations are primarily located in the United States, Brazil, Colombia, and Europe, shareholders will, on economic terms, have exposure to all regions BEP operates in as a result of the exchange feature attaching to the Class A exchangeable subordinate voting shares (“BEPC exchangeable shares”), whereby BEPC will have the option to meet an exchange request by delivering cash or non-voting limited partnership units of BEP (“LP units”).

The BEPC exchangeable shares of our company are structured with the intention of being economically equivalent to the LP units. We believe economic equivalence is achieved through identical dividends and distributions on the BEPC exchangeable shares and the LP units and each BEPC exchangeable share being exchangeable at the option of the holder for one LP unit at any time. Given the economic equivalence, we expect that the market price of the BEPC exchangeable shares will be significantly impacted by the market price of the LP units and the combined business performance of our company and Brookfield Renewable as a whole. In addition to carefully considering the disclosure made in this document, shareholders are strongly encouraged to carefully review the partnership’s periodic reporting. The partnership is required to file reports, including annual reports on Form 20-F, and other information with the United States Securities and Exchange Commission (the “SEC”). The partnership’s SEC filings are available to the public from the SEC’s website at http://www.sec.gov. Copies of documents that have been filed with the Canadian securities authorities can be obtained at http://www.sedar.com. Information about the partnership, including its SEC filings, is also available on its website at https://bep.brookfield.com. The information found on, or accessible through https://bep.brookfield.com is not incorporated into and does not form a part of this MD&A.

Our company, our subsidiaries and Brookfield Renewable, target a total return of 12% to 15% per annum on the renewable assets that it owns, measured over the long-term. Our group intends to generate this return from cash flows from our operations plus growth through investments in upgrades and expansions of our asset base, as well as acquisitions and capital recycling initiatives. Brookfield Renewable determines its distributions based primarily on an assessment of its operating performance. Our group uses Funds From Operations (“FFO”) to assess operating performance and can be used on a per unit basis as a proxy for future distribution growth over the long-term. For further details, see Part 9 – Presentation to Stakeholders and Performance Measurement of this MD&A.

PART 2 – FINANCIAL PERFORMANCE REVIEW ON CONSOLIDATED INFORMATION

The following table reflects key financial data for the year ended December 31:

(MILLIONS, EXCEPT AS NOTED)	2022	2021	2020
Revenues	$ 3,778	$ 3,367	$ 3,087
Direct operating costs	(1,174)	(1,185)	(1,061)
Management service costs	(169)	(175)	(152)
Interest expense	(1,032)	(900)	(816)
Depreciation	(1,179)	(1,115)	(1,065)
Remeasurement of BEPC exchangeable and BEPC class B shares	1,800	1,267	(2,561)
Income tax (expense) recovery	(118)	(87)	73
Net income (loss)	1,850	930	(2,819)
	Average FX rates to USD		
€	0.95	0.85	0.88
R$	5.16	5.40	5.16
COP	4,253	3,742	3,693

Current Year Variance Analysis (2022 vs 2021)

Revenues totaling $3,778 million represents an increase of $411 million over the same period in the prior year due to the growth of our business and higher power prices. Recently acquired and commissioned facilities contributed 2,083 GWh of generation and $131 million of revenues, which was partly offset by recently completed asset sales that reduced generation by 624 GWh and revenues by $62 million. On a same store, constant currency basis, revenues increased by $467 million primarily due to higher average realized revenue per MWh due to inflation indexation, recontracting initiatives, and higher global merchant power, as well as stronger hydrology across our fleet.

The strengthening of the U.S. dollar relative to the prior period, primarily against the Euro and Colombia peso, decreased revenues by approximately $125 million, which was partly offset by $73 million favorable foreign exchange impact on our operating and interest expenses.

Direct operating costs totaling $1,174 million, represents a decrease of $11 million over the same period in the prior year as impact from the growth of our business was more than offset due to cost saving initiatives across our business, recently completed asset sales and the impact of foreign exchange movement noted above.

Management service costs totaling $169 million represents a decrease of $6 million over the same period in the prior year.

Interest expense totaling $1,032 million represents an increase of $132 million over the same period in the prior year due to the growth in our portfolio and accelerated financing initiatives in Colombia.

Remeasurement of BEPC exchangeable shares resulted in a $1,800 million gain due to the movement in the LP unit price during the period.

Depreciation expense totaling $1,179 million represents an increase of $64 million over the same period in the prior year due to the growth of our business.

Net income totaling $1,850 million represents an increase of $920 million over the same period in the prior year due to the above noted items.

Prior Year Variance Analysis (2021 vs 2020)

Revenues totaling $3,367 million represents an increase of $280 million over the same period in the prior year. Recently acquired and commissioned facilities contributed 527 GWh of generation and $35 million to revenue which was partly offset by recently completed asset sales that reduced generation by 232 GWh and revenue by

$24 million. On a same store, constant currency basis, revenue increased by $274 million due to the benefit of certain energy marketing initiatives undertaken during the year, as well as the benefit from higher average realized revenue per MWh primarily due to inflation indexation, recontracting initiatives, and higher global merchant power prices. Higher market prices realized on generation from our wind assets in Texas during the winter storm in the first quarter of 2021 also contributed $52 million. These increases were partly offset by lower generation, primarily at our hydroelectric facilities in the United States and Brazil.

The strengthening of the U.S. dollar relative to the prior period, primarily against the Brazilian real and Colombia peso, decreased revenues by approximately $5 million, partly offset by $3 million favorable foreign exchange impact on our operating and interest expense for the year.

Direct operating costs totaling $1,105 million, excluding the impact of the Texas winter storm, represents an increase of $44 million over the same period in the prior year due to additional costs from our recently acquired and commissioned facilities and the cost of certain energy marketing initiatives undertaken during the year. This was partly offset by the benefits from cost-saving initiatives across our business and recently completed asset sales and the impact of foreign exchange movements noted above.

Direct operating costs relating to the Texas winter storm event totaled $80 million which reflect the cost of acquiring energy to cover our contractual obligations for our wind assets that were not generating during the period due to freezing conditions, net of hedging initiatives. The total consolidated impact of the Texas winter storm, net of the $52 million of revenues noted above, amounted to a $28 million loss, of which our company's share was not material.

Management service costs totaling $175 million represents an increase of $23 million over the same period in the prior year due to the growth of our business.

Interest expense totaling $900 million represents an increase of over the same period in the prior year primarily due to the accrual of dividends on BEPC exchangeable shares issued in July 2020 that are classified as liabilities under IFRS standards, a 5% increase in our quarterly dividend, partly offset by the benefit of recent refinancing activities that reduced our average cost of borrowing and the impact of foreign exchange movements noted above.

Remeasurement of BEPC exchangeable shares resulted in a $1,267 million gain due to the movement in the LP unit price during the period.

Depreciation expense totaling $1,115 million represents an increase of $50 million over the same period in the prior year due to the growth of our business.

Income tax expense totaling $87 million represents an increase of $160 million over the same period in the prior year due to a new tax legislation that was passed during the year that impacted deferred taxes at our Colombian business.

Net income totaling $930 million represents an increase of $3,749 million over the same period in the prior year due to the above noted items.

PART 3 – ADDITIONAL CONSOLIDATED FINANCIAL INFORMATION

SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table provides a summary of the key line items on the audited annual consolidated statements of financial position as at December 31:

(MILLIONS)	**December 31, 2022**	December 31, 2021
Assets held for sale	**$ 698**	$ —
Current assets	**3,426**	2,336
Equity-accounted investments	**451**	455
Property, plant and equipment, at fair value	**37,828**	37,915
Total assets	**43,288**	41,986
Liabilities directly associated with assets held for sale	**217**	—
Non-recourse borrowings	**13,715**	13,512
Deferred income tax liabilities	**5,263**	5,020
BEPC exchangeable shares and class B shares	**4,364**	6,163
Total equity in net assets	**16,824**	14,225
Total liabilities and equity	**43,288**	41,986
	FX rates to USD	
€	**1.02**	0.88
R$	**5.41**	5.58
COP	**4,532**	3,981

Property, plant and equipment

Property, plant and equipment totaled $37.8 billion as at December 31, 2022 compared to $37.9 billion as at December 31, 2021, representing a decrease of $0.1 billion. The annual revaluation which recognized the benefit of higher power prices across most markets and the expected growth in demand for renewable power increased property, plant and equipment by $2.6 billion. Our continued investments in the development of power generation assets and our sustaining capital expenditure increased property, plant and equipment by $0.8 billion. These increases were offset by the sale of a 391 MW wind portfolio in the United States which decreased property, plant and equipment by $0.1 billion, depreciation expense associated with property, plant and equipment of $1.2 billion and the devaluation of the Euro and the Colombian peso against the U.S. dollar, also resulted in a net decrease to property, plant and equipment of $1.5 billion. During the year, we also transferred $0.7 billion of property, plant and equipment to assets held for sale relating to our institutional partners agreement to sell their 50% non-controlling interest in a 378 MW operating hydroelectric portfolio in the U.S. Our company will continue to retain its 22% interest in the investment and accordingly, will not receive proceeds from the sale. The portfolio has been reclassified as held for sale, as subsequent to our institutional partners' 50% interest completing this sale, our company will no longer consolidate this investment and will recognize its interest as an equity-accounted investment.

See Note 12 – Property, plant and equipment, at fair value in our audited annual consolidated financial statements for information on the revaluation assumptions used and sensitivity analysis.

Assets held for sale and Liabilities directly associated with assets held for sale

Assets held for sale and Liabilities directly associated with assets held for sale totaled $698 million and $217 million, respectively, as at December 31, 2022, includes the classification of a 378 MW operating hydroelectric portfolio in the U.S to held for sale following our institutional partners agreement to sell their 50% interest. Our company will continue to retain its 22% interest in the investment and accordingly, will not receive proceeds from the sale. The portfolio has been reclassified as held for sale, as subsequent to our institutional partners' 50% interest completing this sale, our company will no longer consolidate this investment and will recognize its interest as an equity-accounted investment.

RELATED PARTY TRANSACTIONS

Our company's related party transactions are in the normal course of business, are recorded at the exchange amount, and are primarily with the partnership and Brookfield.

Since inception, our parent company has had a Master Services Agreement with Brookfield. The Master Services Agreement was amended in connection with the completion of the special distribution to include, among other things, our company as a service recipient.

Our company sells electricity to Brookfield through a single long-term power purchase agreement across our company's New York hydroelectric facilities.

In 2011, on formation of Brookfield Renewable, Brookfield transferred certain development projects to subsidiaries of our company for no upfront consideration but is entitled to receive variable consideration on commercial operation or sale of these projects. These projects have been transferred to our company as part of the special distribution.

Our company has entered into voting agreements with Brookfield and the partnership, whereby our company gained control of the entities that own certain renewable power generating facilities in the United States and Brazil, as well as TerraForm Power. Our company has also entered into a voting agreement with its consortium partners in respect of the Colombian business. The voting agreements provide our company the authority to direct the election of the Boards of Directors of the relevant entities, among other things, and therefore provide our company with control. Accordingly, our company consolidates the accounts of these entities.

Our company participates with institutional partners in Brookfield Americas Infrastructure Fund, Brookfield Infrastructure Fund II, Brookfield Infrastructure Fund III, Brookfield Infrastructure Fund IV, Brookfield Infrastructure Debt Fund and Brookfield Global Transition Fund ("Private Funds"), each of which is a Brookfield sponsored fund, and in connection therewith, our company, together with our institutional partners, has access to financing using the Private Funds' credit facilities.

From time to time, in order to facilitate investment activities in a timely and efficient manner, our company will fund deposits or incur other costs and expenses (including by use of loan facilities to consummate, support, guarantee or issue letters of credit) in respect of an investment that ultimately will be shared with or made entirely by Brookfield sponsored vehicles, consortiums and/or partnerships (including private funds, joint ventures and similar arrangements), our company, or by co-investors.

Brookfield has provided a $400 million committed unsecured revolving credit facility maturing in December 2023 and the draws bear interest at London Interbank Offered Rate plus a margin. During the current period, there were no draws on the committed unsecured revolving credit facility provided by Brookfield. Brookfield may from time to time place funds on deposit with the company which are repayable on demand including any interest accrued. There were nil funds placed on deposit with the company as at December 31, 2022 (December 31, 2021: nil). The interest expense on the Brookfield revolving credit facility and deposit for the year ended December 31, 2022 totaled nil (2021: nil).

During the year, the partnership transferred its investment in certain subsidiaries, which included certain of its development assets in the United States to the company with a carrying value of approximately $23 million of total assets and liabilities. This transaction was accounted as an asset acquisition.

During the year, a subsidiary of the company transferred its power agency agreements related to certain of the partnership's Canadian assets to Evolugen Trading and Marketing LP ("ETMLP"), a subsidiary of the partnership.

During the fourth quarter of 2022, Brookfield Renewable sold a portfolio of investments, which included partial interests in consolidated subsidiaries, with an approximate fair value of $288 million to an affiliate of Brookfield in exchange for securities of equal value. The portfolio of investments represented seed assets in a new product offering that Brookfield will be marketing and selling to third party investors which at that time will provide the company the opportunity to, subject to certain conditions, monetize the securities to generate liquidity. The securities are recorded as financial instrument assets on the consolidated statements of financial position. The reduction in partial interests in consolidated subsidiaries is reflected as an increase in non-controlling interests in operating subsidiaries on the consolidated statements of financial position.

In addition, our company has executed other agreements with Brookfield and the partnership that are described in Note 28 – Related party transactions in the audited consolidated financial statements. For a description of certain of our agreements with Brookfield and the partnership, please see Item 7.B "Related Party Transactions" in our Form 20-F for the annual period ending December 31, 2022.

The following table reflects the related party agreements and transactions in the audited annual consolidated statements of income (loss), for the year ended December 31:

(MILLIONS)	**2022**	2021	2020
Revenues			
Power purchase and revenue agreements	**$ 72**	$ 163	$ 361
Direct operating costs			
Energy purchases[1]	**$ (22)**	$ (62)	$ (10)
Energy marketing & other services	**(7)**	(11)	(17)
Insurance expense[2]	**—**	(20)	(21)
	$ (29)	$ (93)	$ (48)
Other related party services	**$ (4)**	$ (13)	$ —
Interest expense			
Borrowings	**$ (17)**	$ (29)	$ (1)
Management service costs	**$ (169)**	$ (175)	$ (152)

(1) Certain subsidiaries that the company controls, through a voting agreement, have entered into agreements to appoint the partnership as their agent in entering into certain derivative transactions with external counterparties to hedge against fluctuations in power purchase prices. For the year ended December 31, 2021, the company recognized $62 million gains associated with agency arrangements which have been excluded from energy purchases. As of April 1, 2021, the agency arrangements were transferred from the partnership to the company upon the closing of Energy Marketing Internalization.

(2) Prior to November 2021, insurance services were paid to external insurance service providers through subsidiaries of Brookfield Corporation. The fees paid to the subsidiaries of Brookfield Corporation in 2022 were nil. As of November 2021, Brookfield, through a regulated subsidiary, began providing insurance coverage through third-party commercial insurers for the benefits of certain entities in North America. The premiums and claims are not included in the table above.

The following table reflects the impact of the related party agreements and transactions on the consolidated balance sheets as at December 31:

(MILLIONS)	Related party	2022	2021
Current assets			
Due from related parties			
Amounts due from	Brookfield	**$ 41**	$ 16
	The partnership	**563**	523
	Equity-accounted investments and other	**11**	9
		$ 615	$ 548
Non-current assets			
Due from related parties			
Amounts due from	Equity-accounted investments and other	**$ 9**	$ 10
Current liabilities			
Due to related parties			
Amounts due to	Brookfield	**$ 37**	$ 21
	The partnership	**315**	625
	Equity-accounted investments and other	**12**	3
	Brookfield Reinsurance and associates	**100**	—
		464	649
Non-recourse borrowings	Brookfield	**1**	—
		$ 465	$ 649
Non-current liabilities			
Non-recourse borrowings	Brookfield	**$ —**	$ 8
	Brookfield Reinsurance and associates	**15**	—
		$ 15	**$ 8**

PART 4 – FINANCIAL PERFORMANCE REVIEW ON PROPORTIONATE INFORMATION

SEGMENTED DISCLOSURES

Segmented information is prepared on the same basis that our company's chief operating decision maker, which we refer to as "CODM", manages our company, evaluates financial results, and makes key operating decisions. See "Part 9 – Presentation to Stakeholders and Performance Measurement" for information on segments and an explanation on the calculation and relevance of proportionate information.

PROPORTIONATE RESULTS FOR THE YEAR ENDED DECEMBER 31

The following chart reflects the generation and summary financial figures on a proportionate basis for the year ended December 31:

	(GWh)		(MILLIONS)					
	Actual Generation		Revenues		Adjusted EBITDA[1]		Funds From Operations	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Hydroelectric	**14,567**	13,947	**$ 1,095**	$ 992	**$ 713**	$ 623	**$ 504**	$ 472
Wind	**1,872**	2,180	**176**	199	**132**	166	**101**	129
Utility-scale solar	**870**	745	**167**	166	**165**	139	**114**	85
Distributed energy & sustainable solutions	**753**	734	**146**	126	**84**	78	**64**	59
Corporate	**—**	—	**—**	—	**(5)**	—	**(171)**	(191)
Total	**18,062**	17,606	**$ 1,584**	$ 1,483	**$ 1,089**	$ 1,006	**$ 612**	$ 554

(1) Non-IFRS measures. For reconciliations to the most directly comparable IFRS measure see "Reconciliation of Non-IFRS Measures" in this Management's Discussion and Analysis.

HYDROELECTRIC OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for hydroelectric operations for the year ended December 31:

(MILLIONS)	2022	2021
Revenue	**$ 1,095**	$ 992
Other income	**44**	55
Direct operating costs	**(426)**	(424)
Adjusted EBITDA	**713**	623
Interest expense	**(175)**	(140)
Current income taxes	**(34)**	(11)
Funds From Operations	**$ 504**	$ 472
Generation (GWh) – actual	***14,567***	*13,947*

Funds From Operations at our hydroelectric business was $504 million versus $472 million in the prior year as the benefit of higher average revenue per MWh due to inflation indexation on our contracted generation and strong market pricing environment in the United States, favorable generation that was 2% above prior year, as well as contribution from newly acquired and commissioned facilities during the year ($15 million and 294 GWh). The increases was partly offset by higher interest expense in Colombia as a result of accelerated refinancing initiatives.

WIND OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for wind operations for the year ended December 31:

(MILLIONS)	2022	2021
Revenue	**$ 176**	$ 199
Other income	**10**	26
Direct operating costs	**(54)**	(59)
Adjusted EBITDA	**132**	166
Interest expense	**(29)**	(35)
Current income taxes	**(2)**	(2)
Funds From Operations	**$ 101**	$ 129
Generation (GWh) – actual	***1,872***	*2,180*

Funds From Operations at our wind business was $101 million versus $129 million in the prior year. On a same store basis, net of asset sales ($41 million and 291 GWh), Funds From Operations was higher than the prior year due to the benefit of higher average revenue per MWh from higher market prices in Spain, partly offset by lower resources.

UTILITY-SCALE SOLAR OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for utility-scale solar operations for the year ended December 31:

(MILLIONS)	2022	2021
Revenue	**$ 167**	$ 166
Other income	**37**	15
Direct operating costs	**(39)**	(42)
Adjusted EBITDA	**165**	139
Interest expense	**(50)**	(53)
Current income taxes	**(1)**	(1)
Funds From Operations	**$ 114**	$ 85
Generation (GWh) – actual	***870***	*745*

Funds From Operations at our utility-scale solar business was $114 million versus $85 million in the prior year as the benefit from newly commissioned facilities ($3 million and 162 GWh) and higher market prices in Spain was partly offset by lower resources.

DISTRIBUTED ENERGY & SUSTAINABLE SOLUTIONS OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for distributed energy & sustainable solutions for the year ended December 31:

(MILLIONS)	2022	2021
Revenue	**$ 146**	$ 126
Other income	**8**	2
Direct operating costs	**(70)**	(50)
Adjusted EBITDA	**84**	78
Interest expense	**(20)**	(20)
Current income taxes	**—**	1
Funds From Operations	**$ 64**	$ 59
Generation (GWh) – actual	***753***	*734*

Funds From Operations at our distributed energy & sustainable solutions business was $64 million versus $59 million in the prior year due to higher pricing for grid stability services provided by our pumped storage facilities in the United States on the back of higher and more volatile power prices.

PROPORTIONATE RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

The following chart reflects the generation and summary financial figures on a proportionate basis for the year ended December 31:

	(GWh) Actual Generation		(MILLIONS) Revenues		Adjusted EBITDA[1]		Funds From Operations	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Hydroelectric	**13,947**	13,333	**992**	856	**623**	568	**472**	417
Wind	**2,180**	1,538	**199**	130	**166**	85	**129**	48
Utility-scale solar	**745**	271	**166**	71	**139**	57	**85**	33
Distributed energy & sustainable solutions	**734**	436	**126**	81	**78**	41	**59**	30
Corporate	**—**	—	**—**	—	**—**	—	**(191)**	(126)
Total	**17,606**	15,578	**1,483**	1,138	**1,006**	751	**554**	402

(1) Non-IFRS measures. For reconciliations to the most directly comparable IFRS measure see "Reconciliation of Non-IFRS Measures" in this Management's Discussion and Analysis.

HYDROELECTRIC OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for hydroelectric operations for the year ended December 31:

(MILLIONS)	2021	2020
Revenue	**$ 992**	$ 856
Other income	**55**	52
Direct operating costs	**(424)**	(340)
Adjusted EBITDA	**623**	568
Interest expense	**(140)**	(135)
Current income taxes	**(11)**	(16)
Funds From Operations	**$ 472**	$ 417
Generation (GWh) – actual	***13,947***	*13,333*

Funds From Operations at our hydroelectric business was $472 million versus $417 million in the prior year primarily due to higher average revenue per MWh due to the benefit of inflation indexation, recontracting initiatives, and higher market pricing in the United States and favorable resources at our hydroelectric assets in Colombia. Funds From Operations also benefited from the acquisition of 189 MW of hydroelectric facilities during the year ($14 million and 60 GWh).

WIND OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for wind operations for the year ended December 31:

(MILLIONS)	2021	2020
Revenue	**$ 199**	$ 130
Other income	**26**	2
Direct operating costs	**(59)**	(47)
Adjusted EBITDA	**166**	85
Interest expense	**(35)**	(34)
Current income taxes	**(2)**	(3)
Funds From Operations	**$ 129**	$ 48
Generation (GWh) – actual	***2,180***	*1,538*

Funds From Operations at our wind business was $129 million in 2021 versus $48 million in the prior year primarily due to the growth from our increased interest in TerraForm Power, net of asset sales ($40 million and 743 GWh) and a gain on the sale of development assets in the United States. On a same store basis, Funds From Operations was higher than the prior year due to the benefit of higher average revenue per MWh from higher market pricing in Spain and commercial initiatives, partly offset by lower resources.

UTILITY-SCALE SOLAR OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for utility-scale solar operations for the year ended December 31:

(MILLIONS)	2021	2020
Revenue	**$ 166**	$ 71
Other income	**15**	3
Direct operating costs	**(42)**	(17)
Adjusted EBITDA	**139**	57
Interest expense	**(53)**	(24)
Current income taxes	**(1)**	—
Funds From Operations	**$ 85**	$ 33
Generation (GWh) – actual	***745***	*271*

Funds From Operations at our utility-scale solar business was $85 million versus $33 million in the prior year primarily due to the contribution from our increased ownership in TerraForm Power and newly commissioned facilities ($47 million and 469 GWh). On a same store basis, Funds From Operations was higher than prior year primarily due to favorable resources and higher market price at our Spanish assets.

DISTRIBUTED ENERGY & SUSTAINABLE SOLUTIONS OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for distributed energy & sustainable solutions for the year ended December 31:

(MILLIONS)	2021	2020
Revenue	**$ 126**	$ 81
Other income	**2**	—
Direct operating costs	**(50)**	(40)
Adjusted EBITDA	**78**	41
Interest expense	**(20)**	(11)
Current income taxes	**1**	—
Funds From Operations	**$ 59**	$ 30
Generation (GWh) – actual	***734***	*436*

Funds From Operations at our distributed energy & sustainable solutions business was $59 million versus $30 million in the prior year due to the contribution from our increased ownership in TerraForm Power ($27 million and 197 GWh). On a same store basis, Funds From Operations was consistent with the prior year and our assets continue to perform in line with expectation.

CORPORATE

Management service costs totaling $175 million increased $23 million compared to the prior year due to the growth of our business.

RECONCILIATION OF NON-IFRS MEASURES

The following table reconciles the non-IFRS financial measures to the most directly comparable IFRS measures. Net income (loss) is reconciled to Adjusted EBITDA for the year ended December 31, 2022:

	Attributable to the partnership					
(MILLIONS)	Hydroelectric	Wind	Utility-scale Solar	Distributed energy & sustainable solutions	Corporate	Total
Net income (loss)	$ 368	$ (3)	$ 38	$ 44	$ 1,403	$ 1,850
Add back or deduct the following:						
Depreciation	502	305	275	97	—	1,179
Deferred income tax expense (recovery)	(69)	55	(8)	7	—	(15)
Foreign exchange and financial instrument loss (gain)	170	(71)	(27)	(3)	—	69
Other[1]	66	59	96	17	—	238
Dividends on BEPC exchangeable shares[2]	—	—	—	—	220	220
Remeasurement of BEPC exchangeable and BEPC class B shares	—	—	—	—	(1,800)	(1,800)
Management service costs	—	—	—	—	169	169
Interest expense[2]	474	127	162	44	5	812
Current income tax expense	123	8	2	—	—	133
Amount attributable to equity accounted investments and non-controlling interests[3]	(921)	(348)	(373)	(122)	(2)	$ (1,766)
Adjusted EBITDA	$ 713	$ 132	$ 165	$ 84	$ (5)	$ 1,089

(1) Refer to Note 9 - Other in the Audited Consolidated Financial Statements for more details on the other balance, includes the company's economic share of foreign currency hedges and realized disposition gains and losses on assets that we developed and/or did not intend to hold over the long-term.

(2) Total interest expense of $1,032 million is comprised of amounts on Interest expense and Dividends on BEPC exchangeable shares.

(3) Amount attributable to equity accounted investments corresponds to the adjusted EBITDA to the company that are generated by its investments in associates and joint ventures accounted for using the equity method. Amounts attributable to non-controlling interest are calculated based on the economic ownership interest held by non-controlling interests in consolidated subsidiaries. By adjusting Adjusted EBITDA attributable to non-controlling interest, our company is able to remove the portion of Funds From Operations earned at non-wholly owned subsidiaries that are not attributable to our company.

The following table reconciles the non-IFRS financial measures to the most directly comparable IFRS measures. Net income (loss) is reconciled to Adjusted EBITDA for the year ended December 31, 2021:

	Attributable to the partnership					
(MILLIONS)	Hydroelectric	Wind	Utility-scale Solar	Distributed energy & sustainable solutions	Corporate	Total
Net income (loss)	$ 318	$ (155)	$ (19)	$ 34	$ 752	$ 930
Add back or deduct the following:						
Depreciation	437	353	247	78	—	1,115
Deferred income tax expense (recovery)	140	(32)	(30)	(14)	(8)	56
Foreign exchange and financial instrument loss (gain)	7	44	(29)	6	(1)	27
Other[(1)]	80	109	78	32	124	423
Dividends on BEPC exchangeable shares[(2)]	—	—	—	—	209	209
Remeasurement of BEPC exchangeable and BEPC class B shares	—	—	—	—	(1,267)	(1,267)
Management service costs	—	—	—	—	175	175
Interest expense[(2)]	322	133	174	46	16	691
Current income tax expense	24	6	1	—	—	31
Amount attributable to equity accounted investments and non-controlling interests[(3)]	(705)	(292)	(283)	(104)	—	$ (1,384)
Adjusted EBITDA	$ 623	$ 166	$ 139	$ 78	$ —	$ 1,006

(1) Refer to Note 9 - Other in the Audited Consolidated Financial Statements for more details on the other balance, includes the company's economic share of foreign currency hedges and realized disposition gains and losses on assets that we developed and/or did not intend to hold over the long-term.

(2) Total interest expense of $900 million is comprised of amounts on Interest expense and Dividends on BEPC exchangeable shares.

(3) Amount attributable to equity accounted investments corresponds to the adjusted EBITDA to the company that are generated by its investments in associates and joint ventures accounted for using the equity method. Amounts attributable to non-controlling interest are calculated based on the economic ownership interest held by non-controlling interests in consolidated subsidiaries. By adjusting Adjusted EBITDA attributable to non-controlling interest, our company is able to remove the portion of Funds From Operations earned at non-wholly owned subsidiaries that are not attributable to our company.

The following table reconciles the non-IFRS financial measures to the most directly comparable IFRS measures. Net income (loss) is reconciled to Adjusted EBITDA for the year ended December 31, 2020:

	Attributable to Brookfield Renewable					
(MILLIONS)	Hydroelectric	Wind	Utility-scale Solar	Distributed energy & sustainable solutions	Corporate	Total
Net income (loss)	$ 409	$ (61)	$ (39)	$ 43	$ (3,171)	$ (2,819)
Add back or deduct the following:						
Depreciation	404	373	212	76	—	1,065
Deferred income tax recovery	(17)	(38)	(10)	(9)	(60)	(134)
Foreign exchange and financial instrument loss (gain)	(21)	(52)	(18)	7	10	(74)
Other[1]	26	28	48	23	392	517
Dividends on BEPC exchangeable shares[1]	—	—	—	—	116	116
Remeasurement of BEPC exchangeable and BEPC class B shares	—	—	—	—	2,561	2,561
Management service costs	—	—	—	—	152	152
Interest expense	317	162	187	34	—	700
Current income tax expense	56	5	—	—	—	61
Amount attributable to equity accounted investments and non-controlling interests[3]	$ (606)	$ (332)	$ (323)	$ (133)	$ —	$ (1,394)
Adjusted EBITDA	$ 568	$ 85	$ 57	$ 41	$ —	$ 751

(1) Refer to Note 9 - Other in the Audited Consolidated Financial Statements for more details on the other balance, includes the company's economic share of foreign currency hedges and realized disposition gains and losses on assets that we developed and/or did not intend to hold over the long-term.

(2) Amount attributable to equity accounted investments corresponds to the adjusted EBITDA to the company that are generated by its investments in associates and joint ventures accounted for using the equity method. Amounts attributable to non-controlling interest are calculated based on the economic ownership interest held by non-controlling interests in consolidated subsidiaries. By adjusting Adjusted EBITDA attributable to non-controlling interest, our company is able to remove the portion of Funds From Operations earned at non-wholly owned subsidiaries that are not attributable to our company.

The following table reconciles non-IFRS financial measures to the most directly comparable IFRS measures. Net income (loss) is reconciled to Funds From Operations for the year ended December 31:

(MILLIONS, EXCEPT AS NOTED)	2022	2021	2020
Net income (loss)	**$ 1,850**	$ 930	$ (2,819)
Add back or deduct the following:			
Depreciation	**1,179**	1,115	1,065
Foreign exchange and financial instruments loss (gain)	**69**	27	(74)
Deferred income tax expense (recovery)	**(15)**	56	(134)
Other[1]	**238**	423	517
Dividends on BEPC exchangeable shares	**220**	209	116
Remeasurement of BEPC exchangeable and BEPC class B shares	**(1,800)**	(1,267)	2,561
Amount attributable to equity accounted investments and non-controlling interest[2]	**(1,129)**	(939)	(830)
Funds From Operations	**$ 612**	$ 554	$ 402

(1) Refer to Note 9 - Other in the Audited Consolidated Financial Statements for more details on the other balance, includes the company's economic share of foreign currency hedges and realized disposition gains and losses on assets that we developed and/or did not intend to hold over the long-term.

(2) Amount attributable to equity accounted investments corresponds to the Funds From Operations that are generated by its investments in associates and joint ventures accounted for using the equity method. Amounts attributable to non-controlling interest are calculated based on the economic ownership interest held by non-controlling interests in consolidated subsidiaries. By adjusting Funds From Operations attributable to non-controlling interest, our company is able to remove the portion of Funds From Operations earned at non-wholly owned subsidiaries that are not attributable to our company.

PART 5 – LIQUIDITY AND CAPITAL RESOURCES

AVAILABLE LIQUIDITY

Our company assesses liquidity on a group-wide basis, consistent with the partnership, because shareholders have exposure to a broader base of renewable investments by virtue of the exchange feature of BEPC exchangeable shares. Our group-wide liquidity consisted of the following:

(MILLIONS)	**December 31, 2022**	December 31, 2021
Our company's share of cash and cash equivalents	**$ 197**	$ 180
Authorized credit facilities[1]	**2,375**	2,375
	2,572	2,555
Available portion of subsidiary credit facilities	**134**	189
Brookfield Renewable group liquidity on a proportionate basis	**989**	1,369
Available liquidity	**$ 3,695**	$ 4,113

(1) Includes the $1,975 million Subordinated Credit Facilities with the partnership and a $400 million revolving credit facility with Brookfield Corporation.

We operate with sufficient liquidity to enable us to fund growth initiatives, capital expenditures, distributions and withstand sudden adverse changes in economic circumstances or short-term fluctuations in generation. We maintain a strong, investment grade balance sheet characterized by a conservative capital structure, access to multiple funding levers including a focus on capital recycling on an opportunistic basis, and diverse sources of capital. Principal sources of liquidity are cash flows from operations, our credit facilities, upfinancings on non-recourse borrowings and proceeds from the issuance of various securities through public markets.

DIVIDEND POLICY

The BEPC board may declare dividends at its discretion. However, the BEPC exchangeable shares have been structured with the intention of providing an economic return equivalent to the LP units and it is expected that dividends on the BEPC exchangeable shares will be declared at the same time and in the same amount as distributions made on the LP units. In the event dividends are not declared and paid concurrently with a distribution on the LP units, then the undeclared or unpaid amount of such BEPC exchangeable share dividend will accrue and accumulate. Pursuant to the equity commitment agreement, the partnership has also agreed not to declare or pay any distribution on the LP units if on such date our company does not have sufficient funds or other assets to enable the declaration and payment of an equivalent dividend on the BEPC exchangeable shares. See Item 7.B "Related Party Transactions – BEPC relationship with the partnership – Equity Commitment Agreement" of our Form 20-F for the annual period ending December 31, 2022. Brookfield Renewable's distributions are underpinned by stable, highly regulated and contracted cash flows generated from operations. Brookfield Renewable's objective is to pay a distribution that is sustainable on a long-term basis and has set its target payout ratio at approximately 70% of Brookfield Renewable's Funds From Operations.

The board of directors of the general partner of Brookfield Renewable approved a 5.5% increase in its annual distribution to $1.35 per LP unit, or $0.3375 per LP unit quarterly, starting with the distribution payable in March 2023, an increase from $1.28 per LP unit in 2022 (2021: $1.22 per LP unit). This increase reflects the forecasted contribution from Brookfield Renewable's recently commissioned capital projects, as well as the expected cash yield on recent acquisitions. Brookfield Renewable targets a 5% to 9% annual distribution growth in light of growth it foresees in its operations.

BORROWINGS

The composition of debt obligations, overall maturity profile, and average interest rates associated with our borrowings and credit facilities on a proportionate basis as at December 31 is presented in the following table:

(MILLIONS, EXCEPT AS NOTED)	2022 Weighted-average Interest rate[1]	2022 Weighted-average Term (years)	2022 Total	2021 Weighted-average Interest rate	2021 Weighted-average Term (years)	2021 Total
Proportionate non-recourse borrowings[2]						
Hydroelectric	**6.9 %**	**7**	**2,894**	5.3 %	8	$ 2,720
Wind	**5.0 %**	**9**	**613**	3.9 %	9	765
Utility-scale Solar	**5.2 %**	**13**	**1,025**	3.9 %	13	1,377
Distributed energy & sustainable solutions	**4.8 %**	**8**	**371**	4.3 %	10	461
	6.1 %	**9**	**4,903**	4.6 %	10	5,323
Proportionate unamortized financing fees, net of unamortized premiums			**(45)**			(21)
			4,858			5,302
Equity-accounted borrowings			**(161)**			(161)
Non-controlling interests			**9,018**			8,371
As per IFRS Statements			**$ 13,715**			$ 13,512

(1) Includes cash yields on tax equity

(2) See "Part 9 – Presentation to Stakeholders and Performance Measurement" for information on proportionate debt.

The following table summarizes our undiscounted principal repayments, scheduled amortization and interest payable on a proportionate basis as at December 31, 2022:

(MILLIONS)	2023	2024	2025	2026	2027	Thereafter	Total
Debt principal repayments							
Non-recourse borrowings							
Credit facilities	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Hydroelectric	15	108	250	208	98	1,067	1,746
Wind	10	22	—	—	—	196	228
Utility-scale Solar	23	—	—	—	—	215	238
Distributed energy & sustainable solutions	—	—	152	—	—	75	227
	48	130	402	208	98	1,553	2,439
Amortizing debt principal repayments							
Non-recourse borrowings							
Hydroelectric	105	105	114	105	111	608	1,148
Wind	36	43	40	39	39	188	385
Utility-scale Solar	53	52	54	55	55	518	787
Distributed energy & sustainable solutions	22	16	10	9	9	78	144
	216	216	218	208	214	1,392	2,464
Total	$ 264	$ 346	$ 620	$ 416	$ 312	$ 2,945	$ 4,903
Interest payable(1)							
Non-recourse borrowings							
Hydroelectric	$ 190	$ 182	$ 161	$ 138	$ 117	$ 427	$ 1,215
Wind	25	30	22	20	19	42	158
Utility-scale Solar	40	37	37	35	33	180	362
Distributed energy & sustainable solutions	16	17	13	7	7	17	77
Total	$ 271	$ 266	$ 233	$ 200	$ 176	$ 666	$ 1,812

(1) Represents aggregate interest payable expected to be paid over the entire term of the obligations, if held to maturity. Variable-rate interest payments have been calculated based on estimated interest rates.

We remain focused on refinancing near-term facilities on acceptable terms and maintaining a manageable maturity ladder. We do not anticipate material issues in refinancing our borrowings through 2027 on acceptable terms and will do so opportunistically based on the prevailing interest rate environment.

Proportionate debt is presented to assist investors in understanding the capital structure of the underlying investments of our company that are consolidated in its financial statements but are not wholly-owned. When used in conjunction with Funds from Operations, proportionate debt is expected to provide useful information as to how our company has financed its businesses at the asset-level. The only difference between consolidated debt presented under IFRS and proportionate debt is the adjustment to remove the share of debt of consolidated investments not attributable to our company and the adjustment to include share of debt attributable to the equity-accounted investments of our company. Management utilizes proportionate debt in understanding the capital structure of the underlying investments that are consolidated in its financial statements but are not wholly-owned. Proportionate debt provides useful information as to how our company has financed its businesses at the asset-level and provides a view into the return on the capital that it invests at a given degree of leverage.

CAPITAL EXPENDITURES

We fund growth capital expenditures with cash flow generated from operations, supplemented by non-recourse debt sized to investment grade coverage and covenant thresholds. This is designed to ensure that our investments have stable capital structures supported by a substantial level of equity and that cash flows at the asset level can be remitted freely to our company. This strategy also underpins our investment grade profile.

To fund large scale development projects and acquisitions, we will evaluate a variety of capital sources including proceeds from selling mature businesses, in addition to raising money in the capital markets through equity, debt and preferred share issuances. Furthermore, our company has $2.38 billion of committed revolving credit facilities available for investments and acquisitions, as well as funding the equity component of organic growth initiatives. The facilities are intended, and have historically been used, as a bridge to a long-term financing strategy rather than a permanent source of capital. We believe these capital sources will be sufficient to permit us to deploy the necessary capital for our contractual commitments (see Note 27 - Commitments, contingencies and guarantees in the audited annual consolidated financial statements) and our company's share of anticipated transactions by our group.

CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table summarizes the key items in the audited annual consolidated statements of cash flows for the years ended December 31:

(MILLIONS)	**2022**	2021	2020
Cash flow provided by (used in):			
Operating activities before changes in due to or from related parties and net working capital change	**$ 1,405**	$ 1,046	$ 1,011
Changes in due to or from related parties	**(18)**	(24)	(9)
Net change in working capital balances	**(103)**	(627)	(10)
	1,284	395	992
Financing activities	**(402)**	678	(475)
Investing activities	**(738)**	(1,027)	(437)
Foreign exchange gain (loss) on cash	**(19)**	(33)	12
Increase in cash and cash equivalents	**$ 125**	$ 13	$ 92

Operating Activities

Cash flows provided by operating activities before changes in due to or from related parties and net working capital changes for the year ended December 31, 2022 totaled $1,405 million compared to $1,046 million in 2021 and $1,011 million in 2020, reflecting the strong operating performance of our business during the periods.

The net change in working capital balances shown in the audited annual consolidated statements of cash flows is comprised of the following:

(MILLIONS)	**2022**	2021	2020
Trade receivables and other current assets	**$ (270)**	$ (467)	$ 42
Accounts payable and accrued liabilities	**175**	(259)	8
Other assets and liabilities	**(8)**	99	(60)
	$ (103)	$ (627)	$ (10)

Financing Activities

Cash flows used in financing activities totaled $402 million for the year ended December 31, 2022, as the proceeds raised from non-recourse financings and capital contributions from non-controlling interest, net of capital return (totaling $1,204 million) to fund the growth of our business were more than offset by distributions paid during the year to the partnership and participating non-controlling interest in operating subsidiaries totaling $1,364 million.

Cash flows provided by financing activities totaled $678 million for the year ended December 31, 2021. The strength of our balance sheet and access to diverse sources of capital allowed us to fund the growth of our business and generate $1,492 million of net proceeds raised from non-recourse financings. Distributions paid during the year ended December 31, 2021 to the partnership and distributions paid to participating non-controlling interests in operating subsidiaries totaled $675 million.

Cash flows used in financing activities totaled $475 million for the year ended December 31, 2020 as the proceeds raised from non-recourse financings and capital contributions from both our company's non-controlling interest and partnership to fund the growth of our business through the investing activities noted below were partly offset by the repayment of borrowings and the share issuance costs associated with the special distribution of BEPC exchangeable shares. Distributions paid during the year ended December 31, 2020 to the partnership and distributions paid to participating non-controlling interests in operating subsidiaries totaled $748 million.

Investing Activities

Cash flows used in investing activities totaled $738 million for the year ended December 31, 2022. Our continued investment in our organic development pipeline and our property, plant and equipment, including the construction of a 1,200 MW utility-scale solar facility in Brazil, was $847 million for the year ended December 31, 2022, which was funded by our financing activities noted above including recycling capital from the sale of a hydroelectric portfolio in Brazil, which closed in the second quarter of 2022 for $92 million.

Cash flows used in investing activities totaled $1,027 million for the year ended December 31, 2021. During the year, we recycled capital from the sale of a wind portfolio in the United States, which closed in the third quarter of 2021 for $376 million, into accretive growth opportunities, amongst others, the purchase of 189 MW hydroelectric assets in Colombia. Our continued investment in our property, plant and equipment, including investing into the construction of 1,800 MW of utility-scale solar developments projects in Brazil, of which 357 MW reached commercial operations during the year, and the continuing initiative to repower existing wind power projects, totaling $1,354 million for the year ended December 31, 2021, which were funded by our financing activities noted above.

Cash flows used in investing activities totaled $437 million for the year ended December 31, 2020. Our growth initiatives included the acquisition of 100 MW of utility-scale solar assets in Spain totaling $105 million, net of cash acquired and our continued investment in our property, plant and equipment, including the construction of 1,800 MW of shovel-ready utility-scale solar development projects in Brazil, totaling $373 million for the year ended December 31, 2020, which were funded by our financing activities noted above.

SHARES OUTSTANDING

Our company’s equity interests include BEPC exchangeable shares held by the public shareholders and BEPC class B and BEPC class C shares held by the partnership. Dividends on each of our BEPC exchangeable shares are expected to be declared and paid at the same time and in the same amount per share as distributions on each LP unit of the partnership. Ownership of BEPC class C shares will entitle holders to receive dividends as and when declared by our board.

Our company’s capital structure is comprised of the following shares:

(SHARES)	December 31, 2022
BEPC exchangeable shares	172,218,098
BEPC class B shares	165
BEPC class C shares	189,600,000

BEPC exchangeable shares are exchangeable at the option of the holder at any time at a price equal to the market price of an LP unit. Our company has the option to satisfy the exchange either by delivering an LP unit or the cash equivalent of an LP unit. For more information, see Item 10.B “Memorandum and Articles of Association – BEPC Exchangeable Shares” of our Form 20-F for the annual period ending December 31, 2022. During the year ended December 31, 2022, our shareholders exchanged 12,308 BEPC exchangeable shares for an equivalent number of LP units, on a post-split basis. BEPC class B and BEPC class C shares are redeemable for cash in an amount equal to the market price of an LP unit. There have been no redemptions of BEPC class B or BEPC class C shares to date. Due to the exchange feature of the BEPC exchangeable shares and the cash redemption feature of the BEPC class B and BEPC class C shares, the BEPC exchangeable shares, BEPC class B shares, and BEPC class C shares are classified as financial liabilities. However, BEPC class C shares, the most subordinated class of all common shares, meet certain qualifying criteria and are presented as equity instruments given the narrow scope presentation exceptions existing in IAS 32.

During the year ended December 31, 2022, our company declared dividends of $220 million (2021: $209 million) on its BEPC exchangeable shares outstanding during the year ended December 31, 2022. Dividends on BEPC exchangeable shares are presented as interest expense in the consolidated statements of income (loss). No dividends were declared on BEPC class B shares or BEPC class C shares during the year.

Our company may from time-to-time, subject to applicable law, purchase shares for cancellation in the open market, provided that any necessary approval has been obtained.

In December 2022, the company renewed its normal course issuer bid for its outstanding BEPC exchangeable shares. The company is authorized to repurchase up to 8.6 million BEPC exchangeable shares, representing 5% of its issued and outstanding BEPC exchangeable shares. The bids will expire on December 15, 2023, or earlier should the company complete its repurchases prior to such date. There were no BEPC exchangeable shares repurchased during the year ended December 31, 2022.

As at the date of this report, Brookfield and its affiliates, including the partnership, through its ownership of BEPC exchangeable shares and BEPC class B shares, holds an approximate 81.5% voting interest in our company. Holders of BEPC exchangeable shares, excluding Brookfield and its affiliates, including the partnership, hold an approximate 18.5% aggregate voting interest in BEPC.

CONTRACTUAL OBLIGATIONS

Please see Note 27 – Commitments, contingencies and guarantees in the audited annual consolidated financial statements, for further details on the following:

- Commitments – Water, land, and dams usage agreements, and agreements and conditions on committed acquisitions of operating portfolios and development projects;
- Contingencies – Legal proceedings, arbitrations and actions arising in the normal course of business, and providing for letters of credit; and
- Guarantees – Nature of all the indemnification undertakings

OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

Our company does not have any off-statement of financial position arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Our company issues letters of credit from its corporate credit facilities for general corporate purposes which include, but are not limited to, security deposits, performance bonds and guarantees for reserve accounts. As at December 31, 2022, letters of credit issued amounted to $994 million (2021: $698 million).

Two direct and indirect wholly owned subsidiaries of our company fully and unconditionally guaranteed (i) any and all present and future unsecured debt securities issued by Brookfield Renewable Partners ULC, in each case as to payment of principal, premium (if any) and interest when and as the same will become due and payable under or in respect of the trust indenture under which such securities are issued, (ii) all present and future senior preferred shares of Brookfield Renewable Power Preferred Equity Inc. ("BRP Equity") as to the payment of dividends when due, the payment of amounts due on redemption and the payment of amounts due on the liquidation, dissolution or winding up of BRP Equity, (iii) certain of BEP's preferred units, as to payment of distributions when due, the payment of amounts due on redemption and the payment of amounts due on the liquidation, dissolution or winding up of BEP, (iv) the obligations of all present and future bilateral credit facilities established for the benefit of Brookfield Renewable, and (v) notes issued by Brookfield BRP Holdings (Canada) Inc. under its U.S. commercial paper program. BRP Bermuda Holdings I Limited ("BBHI") and BEP Subco Inc. subsidiaries of the company have guaranteed the perpetual subordinated notes issued by Brookfield BRP Holdings (Canada) Inc. These arrangements do not have or are not reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

PART 6 – SELECTED QUARTERLY AND ANNUAL INFORMATION

HISTORICAL OPERATIONAL AND FINANCIAL INFORMATION RELATED TO THE PARTNERSHIP

As the market price of BEPC exchangeable shares is expected to be significantly impacted by the market price of the LP units and the combined business performance of Brookfield Renewable as a whole, we are providing the following historical operational and financial information regarding Brookfield Renewable. For further details please review the partnership's periodic reporting referenced in the introductory section of this MD&A.

YEAR ENDED DECEMBER 31 (MILLIONS, EXCEPT AS NOTED)	**2022**	2021	2020
Operational information:			
Capacity (MW)	**25,377**	21,049	18,884
Total generation (GWh)			
Actual generation	**63,036**	56,629	52,782
Proportionate generation (GWh)			
Actual generation	**28,669**	27,150	26,052
Average revenue ($ per MWh)	**88**	82	81
Additional financial information:			
Net loss attributable to Unitholders	**$ (295)**	$ (368)	$ (304)
Basic loss per LP unit[1]	**(0.60)**	(0.69)	(0.61)
Proportionate Adjusted EBITDA[2]	**2,002**	1,876	1,614
Funds From Operations[2]	**1,005**	934	807
Funds From Operations per Unit[2][3]	**1.56**	1.45	1.32
Distribution per LP unit[3]	**1.28**	1.22	1.16

YEAR ENDED DECEMBER 31 (MILLIONS, EXCEPT AS NOTED)	**2022**	2021	2020
Property, plant and equipment, at fair value	**$ 54,283**	$ 49,432	$ 44,590
Equity-accounted investments	**1,392**	1,107	971
Total assets	**64,111**	55,867	49,722
Total borrowings	**24,850**	21,529	18,082
Deferred income tax liabilities	**6,507**	6,215	5,515
Other liabilities	**6,468**	4,127	4,358
Participating non-controlling interests – in operating subsidiaries	**14,755**	12,303	11,100
General partnership interest in a holding subsidiary held by Brookfield	**59**	59	56
Participating non-controlling interests – in a holding subsidiary – Redeemable/ Exchangeable units held by Brookfield	**2,892**	2,894	2,721
BEPC exchangeable shares	**2,561**	2,562	2,408
Preferred equity	**571**	613	609
Perpetual subordinated notes	**592**	592	—
Preferred limited partners' equity	**760**	881	1,028
Limited partners' equity	**4,096**	4,092	3,845
Total liabilities and equity	**64,111**	55,867	49,722
Debt-to-total capitalization (market value)[4]	**39 %**	33 %	27 %

(1) For the year ended December 31, 2022, average LP units totaled 275.2 million (2021: 274.9 million and 2020: 271.1 million)

(2) Non-IFRS measures. For reconciliations to the most directly comparable IFRS measure, See "Cautionary Statement Regarding Use of Non-IFRS Measures" and "PART 4 – Financial Performance Review on Proportionate Information – Reconciliation of Non-IFRS Measures".

(3) Average Units outstanding for the year ended December 31, 2022 totaled 645.9 million (2021: 645.6 million and 2020: 609.5 million), being inclusive of LP units, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and GP interest.

(4) Based on market values of Preferred equity, Perpetual subordinated notes, Preferred limited partners' equity, and Unitholder equity.

SUMMARY OF HISTORICAL QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information of our company for the last eight consecutive quarters:

	2022				2021			
(MILLIONS)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**$ 956**	$ 896	$ 997	$ 929	$ 905	$ 806	$ 817	$ 839
Net (loss) income	**1,078**	517	1,137	(882)	180	153	659	(62)
Net (loss) income attributable to the partnership	**953**	480	1,046	(976)	130	214	611	(9)

PROPORTIONATE RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 and 2021

The following chart reflects the generation and summary financial figures of our company on a proportionate basis for the three months ended December 31:

	(GWh)		(MILLIONS)					
	Actual Generation		Revenues		Adjusted EBITDA[1]		Funds From Operations	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Hydroelectric	**3,657**	3,462	**$ 270**	$ 279	**$ 176**	$ 150	**$ 125**	$ 115
Wind	**460**	528	**45**	52	**30**	34	**22**	27
Utility-scale Solar	**211**	148	**24**	32	**25**	31	**12**	18
Distributed energy & sustainable solutions	**139**	141	**36**	26	**20**	14	**15**	11
Corporate	**—**	—	**—**	—	**—**	—	**(35)**	(34)
Total	**4,467**	4,279	**$ 375**	$ 389	**$ 251**	$ 229	**$ 139**	$ 137

(1) Non-IFRS measures. For reconciliations to the most directly comparable IFRS measure see "Reconciliation of Non-IFRS Measures" in this Management's Discussion and Analysis.

RECONCILIATION OF NON-IFRS MEASURES

The following table reflects Adjusted EBITDA and Funds From Operations and provides reconciliation to net income (loss) for the three months ended December 31, 2022:

	Attributable to the partnership					
(MILLIONS)	Hydroelectric	Wind	Utility-scale Solar	Distributed energy & sustainable solutions	Corporate	Total
Net income (loss)	$ 155	$ 21	$ (36)	$ 5	$ 933	$ 1,078
Add back or deduct the following:						
Depreciation	125	76	86	22	—	309
Deferred income tax expense (recovery)	(52)	13	(5)	4	—	(40)
Foreign exchange and financial instrument loss (gain)	(18)	(14)	6	(2)	(1)	(29)
Other[(1)]	64	(17)	3	12	2	64
Dividends on BEPC exchangeable shares[(2)]	—	—	—	—	55	55
Remeasurement of BEPC exchangeable and BEPC class B shares	—	—	—	—	(1,026)	(1,026)
Management service costs	—	—	—	—	37	37
Interest expense[(2)]	138	34	47	11	—	230
Current income tax expense	31	3	1	—	—	35
Amount attributable to equity accounted investments and non-controlling interests[(3)]	(267)	(86)	(77)	(32)	—	$ (462)
Adjusted EBITDA	$ 176	$ 30	$ 25	$ 20	$ —	$ 251

(1) Refer to Note 9 - Other in the Audited Consolidated Financial Statements for more details on the other balance, includes the company's economic share of foreign currency hedges and realized disposition gains and losses on assets that we developed and/or did not intend to hold over the long-term.

(2) Total interest expense of $285 million is comprised of amounts on Interest expense and Dividends on BEPC exchangeable shares.

(3) Amount attributable to equity accounted investments corresponds to the adjusted EBITDA to the company that are generated by its investments in associates and joint ventures accounted for using the equity method. Amounts attributable to non-controlling interest are calculated based on the economic ownership interest held by non-controlling interests in consolidated subsidiaries. By adjusting Adjusted EBITDA attributable to non-controlling interest, our company is able to remove the portion of Funds From Operations earned at non-wholly owned subsidiaries that are not attributable to our company.

The following table reflects Adjusted EBITDA and Funds From Operations and provides reconciliation to net income (loss) for the three months ended December 31, 2021:

	Attributable to the partnership					
(MILLIONS)	Hydroelectric	Wind	Utility-scale Solar	Distributed energy & sustainable solutions	Corporate	Total
Net income (loss)	$ 163	$ (47)	$ (31)	$ (14)	$ 109	$ 180
Add back or deduct the following:						
Depreciation	112	89	61	19	—	281
Deferred income tax recovery	(16)	(19)	(25)	(7)	(3)	(70)
Foreign exchange and financial instrument loss	36	31	9	5	1	82
Other[(1)]	(11)	42	33	27	1	92
Dividends on BEPC exchangeable shares[(2)]	—	—	—	—	53	53
Remeasurement of BEPC exchangeable and BEPC class B shares	—	—	—	—	(193)	(193)
Management service costs	—	—	—	—	28	28
Interest expense[(2)]	87	28	49	8	4	176
Current income tax expense (recovery)	(21)	1	—	—	—	(20)
Amount attributable to equity accounted investments and non-controlling interests[(3)]	(200)	(91)	(65)	(24)	—	$ (380)
Adjusted EBITDA	$ 150	$ 34	$ 31	$ 14	$ —	$ 229

(1) Refer to Note 9 - Other in the Audited Consolidated Financial Statements for more details on the other balance, includes the company's economic share of foreign currency hedges and realized disposition gains and losses on assets that we developed and/or did not intend to hold over the long-term.

(2) Total interest expense of $229 million is comprised of amounts on Interest expense and Dividends on BEPC exchangeable shares.

(3) Amount attributable to equity accounted investments corresponds to the adjusted EBITDA to the company that are generated by its investments in associates and joint ventures accounted for using the equity method. Amounts attributable to non-controlling interest are calculated based on the economic ownership interest held by non-controlling interests in consolidated subsidiaries. By adjusting Adjusted EBITDA attributable to non-controlling interest, our company is able to remove the portion of Funds From Operations earned at non-wholly owned subsidiaries that are not attributable to our company.

The following table reconciles non-IFRS financial measures to the most directly comparable IFRS measures. Net income (loss) is reconciled to Funds From Operations for the three months ended December 31:

(MILLIONS, EXCEPT AS NOTED)	2022	2021
Net income	**$ 1,078**	$ 180
Add back or deduct the following:		
Depreciation	**309**	281
Foreign exchange and financial instruments loss (gain)	**(29)**	82
Deferred income tax recovery	**(40)**	(70)
Other[1]	**64**	92
Dividends on BEPC exchangeable shares	**55**	53
Remeasurement of BEPC exchangeable and BEPC class B shares	**(1,026)**	(193)
Amount attributable to equity accounted investments and non-controlling interest[2]	**(272)**	(288)
Funds From Operations	**$ 139**	$ 137

(1) Refer to Note 9 - Other in the Audited Consolidated Financial Statements for more details on the other balance, includes the company's economic share of foreign currency hedges and realized disposition gains and losses on assets that we developed and/or did not intend to hold over the long-term.

(2) Amount attributable to equity accounted investments corresponds to the Funds From Operations that are generated by its investments in associates and joint ventures accounted for using the equity method. Amounts attributable to non-controlling interest are calculated based on the economic ownership interest held by non-controlling interests in consolidated subsidiaries. By adjusting Funds From Operations attributable to non-controlling interest, our company is able to remove the portion of Funds From Operations earned at non-wholly owned subsidiaries that are not attributable to our company.

PART 7 – BUSINESS RISKS AND RISK MANAGEMENT

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Management's objectives are to protect our company against material economic exposures and variability of results from various financial risks that include electricity price risk, foreign currency risk, interest rate risk, credit risk, and liquidity risk. These risks are further discussed in Note 6 – Risk management and financial instruments in the audited annual consolidated financial statements.

The following table outlines our company's financial risks and how they are managed:

Financial Risk	Description of Risk	Management of Risk
Electricity price	We have exposure to movements in the market price of electricity.	- Enter into long-term contracts that specify the price at which electricity is sold - Maintain a portfolio of short, medium, and long-term financial contracts to mitigate our exposure to short-term fluctuations in electricity prices - Ensure limits and controls are in place for trading activities - As of December 31, 2022, we had on a proportionate basis approximately 92% of 2023 generation (2021: 89% of 2022 generation) contracted under short-term power purchase agreements and financial contracts excluding Brazil and Colombia. In Brazil and Colombia, on a proportionate basis, we had approximately 90% and 67% of 2023 (2021: 90% and 77%, respectively) generation under short-term power purchase agreements, respectively. See "Part 4 – Financial Performance Review on Proportionate Information"
Foreign currency	We are exposed to foreign currency risk – including Canadian dollar, Brazilian real, Euro, and Colombian peso – related to operations, anticipated transactions, and certain foreign currency debt.	- Enter into foreign currency contracts designed to minimize the exposure to foreign currency fluctuations - 50% of cash flow is generated in the United States while Canadian Dollar and Euro exposure, representing 20% of our portfolio cash flow, is proactively managed through foreign currency contracts - Limited foreign currency contracts to hedge our exposure currencies in South America – representing 30% of our portfolio cash flow – due to the high costs of hedging certain currencies. However, these specific exposures are mitigated by the annual inflation-linked escalations in our power purchase agreements

Financial Risk	Description of Risk	Management of Risk
Interest rate	We are exposed to risk on the interest rates of our variable-rate debt.	- Assets largely consist of long duration physical assets, and financial liabilities consist primarily of long-term fixed-rate debt or floating-rate debt that has been swapped to fixed-rates with interest rate financial instruments to minimize the exposure to interest rate fluctuations - Enter into interest rate contracts to lock-in fixed-rates on certain anticipated future debt issuances and on floating rate debts - Our proportionate floating rate exposure represents 19% of our total debt, after affecting for variable-rate debt that has been hedged through the use of interest rate swaps. Our variable-rate exposure arises primarily from our South American operations, as we have limited opportunities to raise fixed-rate debt or hedge due to the high associated costs

Financial Risk	Description of Risk	Management of Risk
Credit	We are exposed to credit risk from operating activities and certain financing activities, the maximum exposure of which is represented by the carrying amounts reported in the statements of financial position. We are exposed to credit risk if counterparties to our energy contracts, interest rate swaps, forward foreign exchange contracts and physical electricity and gas transactions as well as trade receivables are unable to meet their obligations.	- Diverse counterparty base with long standing credit histories - Exposure to counterparties with investment-grade credit ratings - Use of standard trading contracts and other standard credit risk mitigation techniques - As at December 31, 2022, 96% (2021: 89%) of the company's trade receivables were current
Liquidity	We are exposed to liquidity risk for financial liabilities. We are also subject to internal liquidity risk because we conduct our business activities through separate legal entities (subsidiaries and affiliates) and are dependent on receipts of cash from those entities to defray corporate expenses and to make dividend payments to shareholders. Under the credit agreements for subsidiary debt, it is conventional for distributions of cash to our company to be prohibited if the loan is in default (notably for non-payment of principal or interest) or if the entity fails to achieve a benchmark debt service coverage ratio. Refer to Note 18 – Capital Management of the annual audited consolidated financial statements for further disclosures.	- As at December 31, 2022, available group liquidity was $3.7 billion. Liquidity is comprised of the group's proportionate share of cash and cash equivalents, investments in marketable securities, the available portion of the corporate credit facilities, and share of subsidiary credit facilities. Details of the available portion of credit facilities and debt maturity ladder are included in "PART 5 – Liquidity and Capital Resources" - Effective and regular monitoring of debt covenants and cooperation with lenders to cure any defaults - Target investment grade debt or debt with investment grade characteristics with the ability to absorb volatility in cash flows - Long-term duration of debt instruments and the diversification in maturity dates over an extended period of time - Sufficient cash from operating activities, access to undrawn credit facilities, and possible capital markets financing to fund our operations and fulfill our obligations as they become due - Ensure access to public capital markets and maintain a strong investment grade credit rating

PART 8 – CRITICAL ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The audited consolidated financial statements of Brookfield Renewable Corporation as at December 31, 2022 and December 31, 2021 and for each of the years in the three years ended December 31, 2022 are prepared in accordance with IFRS as issued by the IASB, which requires the use of estimates and judgments in reporting assets, liabilities, revenues, expenses and contingencies. In the judgment of management, none of the estimates outlined in Note 1 – Basis of preparation and significant accounting policies in the audited consolidated financial statements are considered critical accounting estimates with the exception of the estimates related to the valuation of property, plant and equipment, financial instruments, the deferred income tax liabilities and decommissioning liabilities. These assumptions include estimates of future electricity prices, discount rates, expected long-term average generation, inflation rates, terminal year, the amount and timing of operating and capital costs and the income tax rates of future income tax provisions. Estimates also include determination of accruals, purchase price allocations, useful lives, asset valuations, asset impairment testing and those relevant to the defined benefit pension and non-pension benefit plans. Estimates are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis, as required. These estimates have been applied in a manner consistent with that in the prior year and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in this MD&A. These estimates are impacted by, among other things, future power prices, movements in interest rates, foreign exchange volatility and other factors, some of which are highly uncertain, as described in the "Risk Factors" section of our Form 20-F for the annual period ended December 31, 2022. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on our company's financial statements in a meaningful way. These sources of estimation uncertainty relate in varying degrees to substantially all asset and liability account balances. Actual results could differ from those estimates.

CRITICAL ESTIMATES

Our company makes estimates and assumptions that affect the carrying value of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of income and other comprehensive income for the year. Actual results could differ from these estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the audited consolidated financial statements relate to the following:

(i) Property, plant and equipment

The fair value of our company's property, plant and equipment is calculated using estimates and assumptions about future electricity prices from renewable sources, anticipated long-term average generation, estimated operating and capital expenditures, future inflation rates and discount rates, as described in Note 12 – Property, plant and equipment, at fair value in our company's audited annual consolidated financial statements. Judgment is involved in determining the appropriate estimates and assumptions in the valuation of our company's property, plant and equipment. See Note 1(s)(iii) – Critical judgments in applying accounting policies – Property, plant and equipment in our company's audited annual consolidated financial statements for further details.

Estimates of useful lives and residual values are used in determining depreciation and amortization. To ensure the accuracy of useful lives and residual values, these estimates are reviewed on an annual basis.

(ii) Financial instruments

Our company makes estimates and assumptions that affect the carrying value of its financial instruments, including estimates and assumptions about future electricity prices, long-term average generation, capacity prices, discount rates, the timing of energy delivery and the elements affecting fair value of the tax equity financings. The fair value of interest rate swaps is the estimated amount that another party would receive or pay to terminate the swap agreements at the reporting date, taking into account current market interest rates. This valuation technique approximates the net present value of future cash flows. See Note 6 – Risk management and financial instruments in our audited annual consolidated financial statements for more details.

(iii) Deferred income taxes

The audited consolidated financial statements include estimates and assumptions for determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the audited consolidated statements of financial position dates. Operating plans and forecasts are used to estimate when the temporary difference will reverse based on future taxable income.

(iv) Decommissioning liabilities

Decommissioning costs will be incurred at the end of the operating life of some of the company's assets. These obligations are typically many years in the future and require judgment to estimate. The estimate of decommissioning costs can vary in response to many factors including changes in relevant legal, regulatory, and environmental requirements, the emergence of new restoration techniques or experience at other power generating facilities. Inherent in the calculations of these costs are assumptions and estimates including the ultimate settlement amounts, inflation factors, discount rates, and timing of settlements.

(v) Impairment of goodwill

The impairment assessment of goodwill requires estimation of the value-in-use or fair value less costs of disposal of the CGUs or groups of CGUs to which goodwill has been allocated.

Brookfield Renewable uses the following critical assumptions and estimates for the value-in-use method: the circumstances that gave rise to the goodwill, timing and amount of future cash flows expected from the CGUs; discount rates; terminal capitalization rates; terminal valuation dates and future leverage assumptions.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgments that have been made in applying the accounting policies used in the audited consolidated financial statements that have the most significant effect on the amounts in the audited consolidated financial statements:

(i) Preparation of consolidated financial statements

These consolidated financial statements present the financial position, results of operations and cash flows of our company. Our company exercises judgment in determining whether non-wholly owned subsidiaries are controlled by our company. Our company's judgment included the determination of (i) how the relevant activities of the subsidiary are directed; (ii) whether the rights of shareholdings are substantive or protective in nature; and (iii) our company's ability to influence the returns of the subsidiary.

(ii) Common control transactions

Common control business combinations specifically fall outside of scope of IFRS 3 and as such management has used its judgment to determine an appropriate policy to account for these transactions by considering other relevant accounting guidance that is within the framework of principles in IFRS and that reflects the economic reality of the transactions. The company's policy is to record assets and liabilities recognized as a result of transactions between entities under common control at the carrying value on the transferor's financial statements, and to have the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of financial position, consolidated statements of changes in equity and consolidated statements of cash flows reflect the results of the combined entities for all periods presented for which the entities were under the transferor's common control, irrespective of when the combination takes place. Differences between the consideration given and the assets and liabilities received are recorded directly to equity.

(iii) Property, plant and equipment

The accounting policy relating to our company's property, plant and equipment is described in Note 1(g) – Property, plant and equipment and revaluation method in the audited consolidated financial statements of our company. In applying this policy, judgment is used in determining whether certain costs are additions to the carrying amount of the property, plant and equipment as opposed to repairs and maintenance that are expensed when incurred. If an asset has been developed, judgment is required to identify the point at which the asset is capable of being used as intended and to identify the directly attributable costs to be included in the carrying value of the development asset. The useful lives of property, plant and equipment are determined by independent engineers periodically with an annual review by management.

Annually, our company determines the fair value of its property, plant and equipment using a methodology that it has judged to be reasonable. The methodology for hydroelectric assets is generally a twenty-year discounted cash flow model. Twenty years is the period considered reasonable as our company has twenty-year capital plans, and it believes a reasonable third party would be indifferent between extending the cash flows further in the model versus using a discounted terminal value. The methodology for wind, solar and other assets is to align the model length with the expected remaining useful life of the subject assets.

The valuation model incorporates future cash flows from long-term power purchase agreements that are in place where it is determined that the power purchase agreements are linked specifically to the related power generating assets. With respect to estimated future generation that does not incorporate long-term power purchase agreement pricing, the cash flow model uses estimates of future electricity prices using broker quotes from independent sources for the years in which there is a liquid market. The valuation of generation not linked to long-term power purchase agreements also requires the development of a long-term estimate of future electricity prices. In this regard the valuation model uses a discount to the all-in cost of construction with a reasonable return to secure energy from a new renewable resource with a similar generation profile to the asset being valued as the benchmark that will establish the market price for electricity for renewable resources.

Our company's long-term view is anchored to the cost of securing new energy from renewable sources to meet future demand growth by the years 2026 to 2035 in North America, 2029 in Colombia and 2026 in Brazil. The year of new entry is viewed as the point when generators must build additional capacity to maintain system reliability and provide an adequate level of reserve generation with the retirement of older coal-fired plants and rising environmental compliance costs in North America, and overall increasing demand in Colombia and Brazil. For the North American business, the company has estimated a discount to these new-build renewable asset prices to determine renewable electricity prices for hydroelectric, solar and wind facilities. In Brazil and Colombia, the estimate of future electricity prices is based on a similar approach as applied in North America using a forecast of the all-in cost of development.

Terminal values are included in the valuation of hydroelectric assets in North America and Colombia. For the hydroelectric assets in Brazil, cash flows have been included based on the duration of the authorization or useful life of a concession asset with consideration of a one-time thirty-year renewal on qualifying hydroelectric assets.

Discount rates are determined each year by considering the current interest rates, average market cost of capital as well as the price risk and the geographical location of the operational facilities as judged by management. Inflation rates are also determined by considering the current inflation rates and the expectations of future rates by economists. Operating costs are based on long-term budgets escalated for inflation. Each operational facility has a twenty-year capital plan that it follows to ensure the maximum life of its assets is achieved. Foreign exchange rates are forecasted by using the spot rates and the available forward rates, extrapolated beyond the period available. The inputs described above to the discounted cash flow model require management to consider facts, trends and plans in making its judgments as to what derives a reasonable fair value of its property, plant and equipment.

(iv) Financial instruments

The accounting policy relating to our company's financial instruments is described in Note 1(l) – Financial instruments. In applying the policy, judgments are made in applying the criteria set out in IFRS 9 to record financial instruments at fair value through profit and loss, fair value through other comprehensive income and the assessments of the effectiveness of hedging relationships.

For power purchase agreements accounted for under IFRS 9 ("IFRS 9 PPAs") that have unobservable values, Brookfield Renewable determines the fair value of these IFRS 9 PPAs using a discounted cash flow model based on the term of the contract and applies judgements surrounding the inputs used within the valuation model. The valuation model incorporates various inputs and assumptions including future power prices, contractual prices, contractual volumes and discount rates. Future power prices are based on broker quotes from independent sources and for IFRS 9 PPAs with no available broker quotes, future fuel driven merchant prices are incorporated within the model. Contractual prices are stipulated within each individual agreement, contractual volumes are either specified within the agreement or determined using future generation of the power generating assets and discount rate used in the valuation model is the credit adjusted risk free rate.

(v) Deferred income taxes

The accounting policy relating to our company's income taxes is described in Note 1(n) – Income taxes in the audited consolidated financial statements of our company. In applying this policy, judgments are made in determining the probability of whether deductions, tax credits and tax losses can be utilized.

NEW ACCOUNTING STANDARDS

Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising from liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments to IFRS 3 apply to annual reporting periods beginning on or after January 1, 2022. The company has completed an assessment and implemented its transition plan that addresses the impact and effect changes as a result of amendments to the recognition principle of IFRS 3. The adoption did not have a significant impact on the company's financial reporting

IFRS Interpretations Committee Agenda Decision - Demand Deposits with Restriction on Use Arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)

In April 2022, the IFRS Interpretations Committee ("IFRS IC") concluded that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7 Statement of Cash Flows. In the fact pattern described in the request, the contractual restrictions on the use of the amounts held in the demand deposit did not change the nature of the deposit — the entity can access those amounts on demand. Therefore, the entity should include the demand deposit as a component of "cash and cash equivalents" in its statement of financial position and in its statement of cash flows. The company has completed the assessment and implemented its transition plan that addresses the impact of this IFRS IC agenda decision. The effect of the IFRIC IC agenda decision resulted in an increase to Cash and cash equivalents and a corresponding decrease to Restricted cash of $207 million (2021: $115 million), on the consolidated statements of financial position. The impact on the consolidated statements of cash flows is an increase to Cash and cash equivalents of $207 million (2021: $115 million and 2020: $157 million) and an increase to cash used in investing activities in the prior year (2021: $43 million and 2020: $41 million).

FUTURE CHANGES IN ACCOUNTING POLICIES

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2024. Our company is currently assessing the impact of these amendments.

There are currently no other future changes to IFRS with potential impact on our company.

INTERNAL CONTROL OVER FINANCIAL REPORTING

No changes were made in our internal control over financial reporting during the year ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART 9 – PRESENTATION TO STAKEHOLDERS AND PERFORMANCE MEASUREMENT

PRESENTATION TO PUBLIC STAKEHOLDERS

Actual Generation

For assets acquired, disposed or reached commercial operation during the year, reported generation is calculated from the acquisition, disposition or commercial operation date and is not annualized. Generation on a same store basis refers to the generation of assets that were owned during both periods presented. As it relates to Colombia only, generation includes both hydroelectric and cogeneration facilities. distributed energy & sustainable solutions includes generation from our distributed generation, pumped storage, North America cogeneration and Brazil biomass assets.

Our risk of a generation shortfall in Brazil continues to be minimized by participation in a hydrological balancing pool administered by the government of Brazil. This program mitigates hydrology risk by assuring that all participants receive, at any particular point in time, an assured energy amount, irrespective of the actual volume of energy generated. The program reallocates energy, transferring surplus energy from those who generated an excess to those who generate less than their assured energy, up to the total generation within the pool. Periodically, low precipitation across the entire country's system could result in a temporary reduction of generation available for sale. During these periods, we expect that a higher proportion of thermal generation would be needed to balance supply and demand in the country, potentially leading to higher overall spot market prices.

Voting Agreements with Affiliates

Our company has entered into voting agreements with Brookfield and the partnership, whereby our company gained control of the entities that own certain renewable power generating facilities in the United States and Brazil, as well as TerraForm Power. Our company has also entered into a voting agreement with its consortium partners in respect of our Colombian business. The voting agreements provide our company the authority to direct the election of the boards of directors of the relevant entities, among other things, and therefore provide our company with control. Accordingly, our company consolidates the accounts of these entities.

For entities previously controlled by Brookfield Corporation the voting agreements entered into do not represent business combinations in accordance with IFRS 3, as all combining businesses are ultimately controlled by Brookfield Corporation both before and after the transactions were completed. Our company accounts for these transactions involving entities under common control in a manner similar to a pooling of interest, which requires the presentation of pre-voting agreement financial information as if the transactions had always been in place. Refer to Note 1(s)(ii) – Critical judgments in applying accounting policies – Common control transactions in our audited annual consolidated financial statements for our policy on accounting for transactions under common control.

PERFORMANCE MEASUREMENT

Segment Information

Our operations are segmented by – 1) hydroelectric, 2) wind, 3) utility-scale solar, 4) distributed energy & sustainable solutions (distributed generation, pumped storage, cogeneration and biomass), and 5) corporate. This best reflects the way in which the CODM reviews results, manages operations and allocates resources.

The reporting to the CODM was revised during the year to incorporate the distributed energy & sustainable solutions business of our company. The distributed energy & sustainable solutions business corresponds to a portfolio of multi-technology assets and investments that support the broader strategy of decarbonization of electricity grids around the world. The financial information of operating segments in the prior periods has been restated to present the corresponding results of the distributed energy & sustainable solutions business.

We report our results in accordance with these segments and present prior period segmented information in a consistent manner. See Note 7 – Segmented information in our audited annual consolidated financial statements.

One of our primary business objectives is to generate stable and growing cash flows while minimizing risk for the benefit of all stakeholders. We monitor our performance in this regard through three key metrics — i) Net

Income (Loss), ii) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), and iii) Funds From Operations.

It is important to highlight that Adjusted EBITDA and Funds From Operations do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other companies and have limitations as analytical tools. We provide additional information below on how we determine Adjusted EBITDA and Funds From Operations. We also provide reconciliations to Net income (loss). See "Part 4 – Financial Performance Review on Proportionate Information – Reconciliation of Non-IFRS Measures" and "Part 6 – Selected Quarterly and Annual Information – Reconciliation of Non-IFRS measures".

Proportionate Information

Reporting to the CODM on the measures utilized to assess performance and allocate resources has been provided on a proportionate basis. Information on a proportionate basis reflects our company's share from facilities which it accounts for using consolidation and the equity method whereby our company either controls or exercises significant influence or joint control over the investment, respectively. Proportionate information provides a shareholder perspective that the CODM considers important when performing internal analyses and making strategic and operating decisions. The CODM also believes that providing proportionate information helps investors understand the impacts of decisions made by management and financial results that can be allocated to shareholders.

Proportionate financial information is not, and is not intended to be, presented in accordance with IFRS. Tables reconciling IFRS data with data presented on a proportionate basis have been disclosed. Segment revenues, other income, direct operating costs, interest expense, depreciation, current and deferred income taxes, and other are items that will differ from results presented in accordance with IFRS as these items (1) include our company's proportionate share of earnings (loss) from equity-accounted investments attributable to each of the above-noted items, and (2) exclude the proportionate share of earnings (loss) of consolidated investments not held by us apportioned to each of the above-noted items.

The presentation of proportionate results has limitations as an analytical tool, including the following:

- The amounts shown on the individual line items were derived by applying our overall economic ownership interest percentage and do not necessarily represent our legal claim to the assets and liabilities, or the revenues and expenses; and
- Other companies may calculate proportionate results differently than we do.

Because of these limitations, our proportionate financial information should not be considered in isolation or as a substitute for our financial statements as reported under IFRS.

Our company does not control those entities that have not been consolidated and as such, have been presented as equity-accounted investments in its financial statements. The presentation of the assets and liabilities and revenues and expenses do not represent our company's legal claim to such items, and the removal of financial statement amounts that are attributable to non-controlling interests does not extinguish our company's legal claims or exposures to such items.

Unless the context indicates or requires otherwise, information with respect to the MW attributable to our company's facilities, including development assets, is presented on a consolidated basis, including with respect to facilities whereby our company either controls or jointly controls the applicable facility.

Net Income (Loss)

Net income (loss) is calculated in accordance with IFRS.

Net income (loss) is an important measure of profitability, in particular because it has a standardized meaning under IFRS. The presentation of net income (loss) on an IFRS basis for our business will often lead to the recognition of a loss even though the underlying cash flows generated by the assets are supported by strong margins and stable, long-term power purchase agreements. The primary reason for this is that accounting rules require us to recognize a significantly higher level of depreciation for our assets than we are required to reinvest in the business as sustaining capital expenditures.

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS measure used by investors to analyze the operating performance of companies.

Our company uses Adjusted EBITDA to assess performance before the effects of interest expense, income taxes, depreciation, management service costs, non-controlling interests, unrealized gain or loss on financial instruments, non-cash income or loss from equity-accounted investments and other typical non-recurring items. Our company adjusts for these factors as they may be non-cash, unusual in nature and/or are not factors used by management for evaluating operating performance. Our company includes realized disposition gains and losses on assets that we developed and/or did not intend to hold over the long-term within Adjusted EBITDA in order to provide additional insight regarding the performance of investments on a cumulative realized basis, including any unrealized fair value adjustments that were recorded in equity and not otherwise reflected in current period Adjusted EBITDA.

Our company believes that presentation of this measure will enhance an investor's ability to evaluate our financial and operating performance on an allocable basis.

Funds From Operations

Funds From Operations is a non-IFRS measure used by investors to analyze net earnings from operations without the effects of certain volatile items that generally have no current financial impact or items not directly related to the performance of the business.

Our company uses Funds From Operations to assess the performance of the business before the effects of certain cash items (e.g. acquisition costs and other typical non-recurring cash items) and certain non-cash items (e.g. deferred income taxes, depreciation, non-cash portion of non-controlling interests, gain or loss on financial instruments, non-cash income or loss from equity-accounted investments, and other non-cash items) as these are not reflective of the performance of the underlying business. In our audited annual consolidated financial statements we use the revaluation approach in accordance with IAS 16, Property, Plant and Equipment, whereby depreciation is determined based on a revalued amount, thereby reducing comparability with our peers who do not report under IFRS as issued by the IASB or who do not employ the revaluation approach to measuring property, plant and equipment. We add back deferred income taxes on the basis that we do not believe this item reflects the present value of the actual tax obligations that we expect to incur over our long-term investment horizon.

Our company believes that analysis and presentation of Funds From Operations on this basis will enhance an investor's understanding of the performance of the business.

Funds From Operations is not a generally accepted accounting measure under IFRS and therefore may differ from definitions of Funds From Operations used by other entities, as well as the definition of funds from operations used by the Real Property Association of Canada ("REALPAC") and the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"). Furthermore, this measure is not used by the CODM to assess our company's liquidity.

Proportionate Debt

Proportionate debt is presented based on the proportionate share of borrowings obligations relating to the investments of our company in various portfolio businesses. The proportionate financial information is not, and is not intended to be, presented in accordance with IFRS. Proportionate debt measures are provided because management believes it assists investors and analysts in estimating the overall performance and understanding the leverage pertaining specifically to our company's share of its invested capital in a given investment. When used in conjunction with proportionate Adjusted EBITDA, proportionate debt is expected to provide useful information as to how our company has financed its businesses at the asset-level. Management believes that the proportionate presentation, when read in conjunction with our company's reported results under IFRS, including consolidated debt, provides a more meaningful assessment of how the operations of our company are performing and capital is being managed.

The presentation of proportionate results has limitations as an analytical tool, including the following:

- Proportionate debt amounts do not represent the consolidated obligation for debt underlying a consolidated investment. If an individual project does not generate sufficient cash flows to service the entire amount of its debt payments, management may determine, in their discretion, to pay the shortfall through an equity injection to Brookfield Renewable Corporation to avoid defaulting on the obligation. Such a shortfall may not be apparent from or may not equal the difference between aggregate proportionate Adjusted EBITDA for all of the portfolio investments of our company and aggregate proportionate debt for all of the portfolio investments of our company; and
- Other companies may calculate proportionate debt differently.

Because of these limitations, the proportionate financial information of our company should not be considered in isolation or as a substitute for the financial statements of our company as reported under IFRS.

PART 10 – CAUTIONARY STATEMENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements and information, within the meaning of Canadian securities laws and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations, concerning the business and operations of the group. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Forward-looking statements in this report include statements regarding the quality of our group's assets and the resiliency of the cash flow they will generate, our anticipated financial performance, future commissioning of assets, contracted nature of our portfolio, technology diversification, acquisition opportunities, expected completion of acquisitions and dispositions, including financing and refinancing opportunities and prospects of our group, future energy prices and demand for electricity, economic recovery, achieving long-term average generation, project development and capital expenditure costs, energy policies, economic growth, growth potential of the renewable asset class, our future growth prospects and distribution profile, our access to capital. In some cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "scheduled", "estimates", "intends", "anticipates", "believes", "potentially", "tends", "continue", "attempts", "likely", "primarily", "approximately", "endeavors", "pursues", "strives", "seeks", "targets", "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information in this report are based upon reasonable assumptions and expectations, we cannot assure you that such expectations will prove to have been correct. You should not place undue reliance on forward-looking statements and information as such statements and information involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to, the following: general economic conditions and risks relating to the economy, including unfavorable changes in interest rates, foreign exchange rates, inflation and volatility in the financial markets; changes to resource availability, as a result of climate change or otherwise, at any of our group's facilities; supply, demand, volatility and marketing in the energy markets; our group's inability to re-negotiate or replace expiring PPAs on similar terms; an increase in the amount of uncontracted generation in our group's portfolio or adverse changes to the MRE; availability and access to interconnection facilities and transmission systems; our group's ability to comply with, secure, replace or renew concessions, licenses, permits and other governmental approvals needed for our operating and development projects; our group's real property rights for our facilities being adversely affected by the rights of lienholders and leaseholders that are superior to those granted to our group; increases in the cost of operating our existing facilities and of developing new projects; equipment failures and procurement challenges; dam failures and the costs and potential liabilities associated with such failures; uninsurable losses and higher insurance premiums; changes in regulatory, political, economic and social conditions in the jurisdictions in which we operate; force majeure events; adverse changes in currency exchange rates and our group's inability to effectively manage foreign currency exposure; health, safety, security and environmental risks; energy marketing risks; the termination of, or a change to, the MRE balancing pool in Brazil; involvement in litigation and other disputes, and governmental and regulatory investigations; counterparties to our group's contracts not fulfilling their obligations; the time and expense of enforcing contracts against non-performing counterparties and the uncertainty of success; foreign laws or regulation to which our group becomes subject as a result of future acquisitions in new markets; our group's operations being affected by local communities; our group's reliance on computerized business systems, which could expose our group to cyber-attacks; newly developed technologies in which our group invests not performing as anticipated; advances in technology that impair or eliminate the competitive advantage of our projects; increases in water rental costs (or similar fees) or changes to the regulation of water supply; labour disruptions and economically unfavorable collective bargaining agreements; fraud, bribery, corruption, other illegal acts or inadequate or failed internal processes or systems; the COVID-19 pandemic, as well as the direct and indirect impacts that a pandemic may have, or any other pandemic; our group's inability to finance our operations and fund growth due to the status of the capital markets or our group's ability complete capital recycling initiatives; operating and financial restrictions imposed on us by our group's loan, debt and security agreements; changes to our group's credit ratings; the incurrence of debt at multiple levels within our group's organizational structure; adverse changes in currency exchange rates and our inability to effectively manage foreign currency exposure through our group's hedging strategy or otherwise; our group's inability to identify sufficient investment opportunities and complete transactions; the growth of our group's portfolio and our group's inability to realize the expected benefits of its transactions or acquisitions; changes to our group's current business, including through future sustainable solutions investments; our group's inability to develop the projects in our development pipeline; delays, cost overruns and other problems associated with the construction and operation of generating facilities and risks associated with the arrangements our group enters into with communities and joint venture partners; Brookfield's election not to source acquisition opportunities for our group and our group's lack of access to all renewable power acquisitions that Brookfield identifies, including by reason of conflicts of interest; our group does not have control over all of our group's operations or investments, including certain investments made through joint ventures, partnerships, consortiums or structured arrangements; political instability or changes in government policy negatively impacting our business or assets; some of our group's acquisitions may be of distressed companies, which may subject our group to increased risks; a decline in the value of our group's investments in securities, including publicly traded securities of other companies; our group is not subject to the same disclosure requirements as a U.S. domestic issuer; the separation of economic interest from control within our group's organizational structure; future sales and issuances of BEP units, Preferred Units or securities exchangeable for BEP units, including BEPC exchangeable shares, or the perception of such sales or issuances, could depress the trading price of the BEP units or BEPC exchangeable shares; our group's dependence on Brookfield and the partnership and Brookfield's significant influence over our group; the departure of some or all of Brookfield's key professionals; our group's lack of independent means of generating revenue; changes in how Brookfield elects to hold its ownership interests in our group; Brookfield acting in a way that is not in our group's best interests or our shareholders; being deemed an "investment company" under the Investment Company Act; the effectiveness of our group's internal controls over financial reporting; failure of our group's systems technology; any changes in the market price of the BEP units and BEPC exchangeable shares; the redemption of BEPC exchangeable shares by us at any time or upon notice from the holder of the BEPC class B shares; and other factors described in our most recent Annual Report on Form 20-F, including those set forth under Item 3.D "Risk Factors".

We caution that the foregoing list of important factors that may affect future results is not exhaustive. The forward-looking statements represent our views as of the date of this report and should not be relied upon as representing our views as of any subsequent date. While we anticipate that subsequent events and developments may cause our views to change, we disclaim any obligation to update the forward-looking statements, other than as required by applicable law. For further information on these known and unknown risks, please see "Risk Factors" included in our most recent Annual Report on Form 20-F and other risks and factors that are described therein.

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS MEASURES

This report contains references to Adjusted EBITDA and Funds From Operations which are not generally accepted accounting measures under IFRS and therefore may differ from definitions of Adjusted EBITDA and Funds From Operations used by other entities. In particular, our definition of Funds From Operations may differ from the definition of funds from operations used by other organizations, as well as the definition of funds from operations used by the Real Property Association of Canada and the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"). We believe that Adjusted EBITDA and Funds From Operations are useful supplemental measures that may assist investors in assessing our financial performance. None of Adjusted EBITDA or Funds From Operations should be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS. These non-IFRS measures reflect how we manage our business and, in our opinion, enable the reader to better understand our business.

Reconciliations of each of Adjusted EBITDA and Funds From Operations to net income (loss) are presented in our Management's Discussion and Analysis. We have also provided a reconciliation of Adjusted EBITDA and Funds From Operations to net income (loss) in Note 7 – Segmented information in the audited annual consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by Brookfield Renewable Corporation (the "company") management which is responsible for their integrity, consistency, objectivity and reliability. To fulfill this responsibility, Brookfield Renewable maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate to provide a high degree of assurance that relevant and reliable financial information is produced and assets are safeguarded. These controls include the careful selection and training of employees, the establishment of well-defined areas of responsibility and accountability for performance, and the communication of policies and the code of conduct throughout the company.

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect estimates based on management's judgment.

Ernst & Young LLP, the Independent Registered Public Accounting Firm appointed by the directors of the general partner of the company, have audited the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) to enable them to express to the partners their opinion on the consolidated financial statements. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

The consolidated financial statements have been further reviewed and approved by the Board of Directors of the company acting through its Audit Committee, which is comprised of directors who are not officers or employees of the company. The Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors, oversees management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee both with and without management present to discuss their audit and related findings.

Connor Teskey
Chief Executive Officer

Wyatt Hartley
Chief Financial Officer

February 28, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Brookfield Renewable Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Brookfield Renewable Corporation (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 28, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revaluation of power generating assets

Description of the Matter

The Company measures power generating assets (classified as property, plant and equipment) using the revaluation method under IAS 16, Property, Plant and Equipment. As at December 31, 2022, property, plant and equipment on the consolidated statement of financial position totaled $37,828 million. Revaluations of property, plant and equipment recognized in the consolidated statement of comprehensive income (loss) totaled a gain of $2,588 million and a gain in the consolidated statement of income (loss) of $5 million for 2022. As discussed in Notes 1(g), 1(r)(i) and 1(s)(iii) and 12 – Property, Plant and Equipment, at Fair Value to the consolidated financial statements, significant estimation and management judgment are involved in assessing the estimates and assumptions regarding the future performance of the power generating assets.

Management applies a dual approach which involves a discounted cash flow model as well as a market evaluation in determining the fair value of the Company's power generating assets. Significant assumptions included within the discounted cash flow models are future electricity prices, terminal value, discount rates, anticipated long-term average generation and estimated operating and capital expenditures.

Auditing the measurement of power generating assets is complex due to the highly judgmental nature of the significant assumptions described above, which required the involvement of specialists. Changes in these assumptions can have a material effect on the fair value of the power generating assets.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's processes in determining the fair value of power generating assets. We tested controls over management's review of the valuation models, including the controls over the review and approval of all significant assumptions.

To test the fair value of the power generating assets, our audit procedures included, among others, evaluating the Company's valuation methodology, the significant assumptions used, and testing the completeness and accuracy of the underlying data supporting the significant assumptions. For each power generating asset, we analyzed the significant drivers of the change in fair value including the future electricity prices, terminal value and discount rates. With the support of our valuation specialists, we inspected management's valuation analysis and assessed the estimates of future electricity prices by reference to shorter-term broker price quotes and management's longer-term market forecasts specific to each region and power generating asset. We also involved our valuation specialists in the evaluation of the terminal value and discount rates, which included consideration of benchmark interest rates, geographic location, whether the asset is contracted or uncontracted and type of technology.

For a sample of power generating assets, we performed audit procedures that included, among others, agreeing contracted power prices to executed power purchase agreements and assessing the anticipated long-term average generation through corroboration with third party engineering reports and historical trends. Further, we assessed the estimated operating and capital expenditures by comparison to historical data and corroboration with third party engineering reports. We also tested the computational accuracy of the fair value model.

With the assistance of our valuation specialists for the same samples, we also performed a sensitivity analysis over the future electricity prices, terminal value and discount rates to evaluate the fair value of power generating assets. We also evaluated the fair values using other market-based evidence by comparing the portfolio as a whole to recent similar transactions and by calculating the revenue and EBITDA multiples of the power generating assets and comparing them to multiples of comparable public companies.

Furthermore, we evaluated the adequacy of the Company's disclosures regarding the significant assumptions and sensitivity analysis around the fair value of power generating assets.

/s/ Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company's auditor since 2020.

Toronto, Canada
February 28, 2023

INTERNAL CONTROL OVER FINANCIAL REPORTING

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Brookfield Renewable Corporation. ("our company") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as defined in Regulation 240.13a–15(f) or 240.15d–15(f).

Management assessed the effectiveness of our company's internal control over financial reporting as of December 31, 2022, based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, management concludes that, as of December 31, 2022, our company's internal control over financial reporting is effective.

Our company's internal control over financial reporting as of December 31, 2022, has been audited by Ernst & Young LLP, the Independent Registered Public Accounting Firm, who also audited our company's consolidated financial statements for the year ended December 31, 2022. As stated in the Report of Independent Registered Public Accounting Firm, Ernst & Young LLP expressed an unqualified opinion on the effectiveness of our company's internal control over financial reporting as of December 31, 2022.

Connor Teskey
Chief Executive Officer

Wyatt Hartley
Chief Financial Officer

February 28, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Brookfield Renewable Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Brookfield Renewable Corporation's (the "Company") internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the 2022 consolidated financial statements of the Company and our report dated February 28, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 28, 2023

BROOKFIELD RENEWABLE CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31 (MILLIONS)	Notes	2022	2021
Assets			
Current assets			
Cash and cash equivalents	20	**$ 642**	$ 525
Restricted cash	21	**44**	59
Trade receivables and other current assets	22	**1,321**	1,146
Financial instrument assets	6	**106**	58
Due from related parties	28	**615**	548
Assets held for sale	5	**698**	—
		3,426	2,336
Financial instrument assets	6	**481**	58
Equity-accounted investments	19	**451**	455
Property, plant and equipment, at fair value	12	**37,828**	37,915
Intangible assets	13	**208**	218
Goodwill	17	**723**	849
Deferred income tax assets	11	**70**	86
Other long-term assets	23	**101**	69
Total Assets		**$ 43,288**	$ 41,986
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	24	**$ 621**	$ 452
Financial instrument liabilities	6	**270**	247
Due to related parties	28	**464**	649
Non-recourse borrowings	14	**1,299**	1,452
Provisions	27	**16**	12
Liabilities directly associated with assets held for sale		**217**	—
BEPC exchangeable and class B shares	16	**4,364**	6,163
		7,251	8,975
Financial instrument liabilities	6	**578**	523
Non-recourse borrowings	14	**12,416**	12,060
Deferred income tax liabilities	11	**5,263**	5,020
Provisions	25, 27	**341**	547
Other long-term liabilities	26	**615**	636
Equity			
Non-controlling interests			
Participating non-controlling interests – in operating subsidiaries	15	**10,680**	10,297
Participating non-controlling interests – in a holding subsidiary held by the partnership	15	**271**	261
The partnership		**5,873**	3,667
Total Equity		**$ 16,824**	$ 14,225
Total Liabilities and Equity		**$ 43,288**	$ 41,986

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of Brookfield Renewable Corporation.:

Patricia Zuccotti
Director

David Mann
Director

BROOKFIELD RENEWABLE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

YEAR ENDED DECEMBER 31 (MILLIONS)	Notes	**2022**	2021	2020
Revenues	28	**$ 3,778**	$ 3,367	$ 3,087
Other income		**93**	60	99
Direct operating costs[1]	8	**(1,174)**	(1,185)	(1,061)
Management service costs	28	**(169)**	(175)	(152)
Interest expense	14	**(1,032)**	(900)	(816)
Share of earnings (loss) from equity-accounted investments	19	**6**	2	(4)
Foreign exchange and financial instruments (loss) gain	6	**(69)**	(27)	74
Depreciation	12	**(1,179)**	(1,115)	(1,065)
Other	4, 9	**(86)**	(277)	(493)
Remeasurement of BEPC exchangeable and class B shares	16	**1,800**	1,267	(2,561)
Income tax (expense) recovery				
Current	11	**(133)**	(31)	(61)
Deferred	11	**15**	(56)	134
		(118)	(87)	73
Net income (loss)		**$ 1,850**	$ 930	$ (2,819)
Net income (loss) attributable to:				
Non-controlling interests				
Participating non-controlling interests – in operating subsidiaries	15	**$ 336**	$ (23)	$ (92)
Participating non-controlling interests – in a holding subsidiary held by the partnership	15	**11**	7	11
The partnership		**1,503**	946	(2,738)
		$ 1,850	$ 930	$ (2,819)

The accompanying notes are an integral part of these consolidated financial statements.

(1) Direct operating costs exclude depreciation expense disclosed below.

BROOKFIELD RENEWABLE CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

YEAR ENDED DECEMBER 31 (MILLIONS)	Notes	2022	2021	2020
Net income (loss)		**$ 1,850**	$ 930	$ (2,819)
Other comprehensive income that will not be reclassified to net income				
Revaluations of property, plant and equipment	12	**2,588**	3,949	3,674
Actuarial gain (loss) on defined benefit plans		**15**	10	(1)
Deferred income taxes on above items	11	**(649)**	(1,047)	(828)
Unrealized gain on investments in equity securities		**1**	—	—
Equity-accounted investments	19	**(59)**	87	26
Total items that will not be reclassified to net income		**1,896**	2,999	2,871
Other comprehensive income (loss) that may be reclassified to net income				
Foreign currency translation	10	**(558)**	(829)	(690)
Gains (losses) arising during the year on financial instruments designated as cash-flow hedges	6	**105**	(56)	(22)
Unrealized gain on foreign exchange swaps – net investment hedge	6	**4**	84	6
Reclassification adjustments for amounts recognized in net income	6	**148**	(16)	(44)
Deferred income taxes on above items	11	**(70)**	3	10
Equity-accounted investments	19	**1**	—	(2)
Total items that may be reclassified subsequently to net income		**(370)**	(814)	(742)
Other comprehensive income		**1,526**	2,185	2,129
Comprehensive income (loss)		**$ 3,376**	$ 3,115	$ (690)
Comprehensive income (loss) attributable to:				
Non-controlling interests				
Participating non-controlling interests – in operating subsidiaries	15	**$ 1,118**	$ 578	$ 1,290
Participating non-controlling interests – in a holding subsidiary held by the partnership	15	**27**	23	(11)
The partnership		**2,231**	2,514	(1,969)
		$ 3,376	$ 3,115	$ (690)

The accompanying notes are an integral part of these consolidated financial statements.

BROOKFIELD RENEWABLE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Accumulated other comprehensive income (loss)				Non-controlling interests		
YEAR ENDED DECEMBER 31 (MILLIONS)	The partnership	Foreign currency translation	Revaluation surplus	Other	Total	Participating non-controlling interests – in a holding subsidiary held by the partnership	Participating non-controlling interests – in operating subsidiaries	Total equity
Balance, as at December 31, 2021	$ (4,834)	$ (1,568)	$ 10,125	$ (56)	$ 3,667	$ 261	$ 10,297	$ 14,225
Net income	1,503	—	—	—	1,503	11	336	1,850
Other comprehensive income (loss)	—	(37)	676	89	728	16	782	1,526
Capital contributions (Note 15)	—	—	—	—	—	—	569	569
Disposal (Note 4)	27	—	(27)	—	—	(2)	(54)	(56)
Dividends declared	(78)	—	—	—	(78)	(18)	(1,268)	(1,364)
Other	196	23	(159)	(7)	53	3	18	74
Change in year	1,648	(14)	490	82	2,206	10	383	2,599
Balance, as at December 31, 2022	$ (3,186)	$ (1,582)	$ 10,615	$ 26	$ 5,873	$ 271	$ 10,680	$ 16,824
Balance, as at December 31, 2020	$ (5,826)	$ (1,350)	$ 8,381	$ (28)	1,177	$ 258	$ 10,290	$ 11,725
Net income	946	—	—	—	946	7	(23)	930
Other comprehensive income (loss)	—	(216)	1,812	(28)	1,568	16	601	2,185
Capital contributions	—	—	—	—	—	—	65	65
Disposal	60	—	(60)	—	—	—	(181)	(181)
Dividends declared	—	—	—	—	—	(20)	(655)	(675)
Other	(14)	(2)	(8)	—	(24)	—	200	$ 176
Change in year	992	(218)	1,744	(28)	2,490	3	7	2,500
Balance, as at December 31, 2021	$ (4,834)	$ (1,568)	$ 10,125	$ (56)	$ 3,667	$ 261	$ 10,297	$ 14,225
Balance, as at December 31, 2019	$ 1,452	$ (956)	$ 6,853	$ (1)	$ 7,348	$ 268	$ 10,258	$ 17,874
Net income	(2,738)	—	—	—	(2,738)	11	(92)	(2,819)
Other comprehensive income (loss)	—	(410)	1,185	(6)	769	(22)	1,382	2,129
Capital contributions	102	—	—	—	102	—	336	438
Return of Capital	—	—	—	—	—	—	(82)	(82)
Dividends declared	(276)	—	—	—	(276)	—	(513)	(789)
Special distribution/TerraForm Power acquisition	(4,371)	20	392	(21)	$ (3,980)	—	(1,026)	(5,006)
Other	5	(4)	(49)	—	$ (48)	1	27	(20)
Change in year	(7,278)	(394)	1,528	(27)	(6,171)	(10)	32	(6,149)
Balance, as at December 31, 2020	$ (5,826)	$ (1,350)	$ 8,381	$ (28)	$ 1,177	$ 258	$ 10,290	$ 11,725

The accompanying notes are an integral part of these consolidated financial statements.

BROOKFIELD RENEWABLE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31 (MILLIONS)	Notes	2022	2021	2020
Operating activities				
Net income (loss)		**$ 1,850**	$ 930	$ (2,819)
Adjustments for the following non-cash items:				
Depreciation	12	**1,179**	1,115	1,065
Unrealized financial instrument (gain) loss	6	**191**	102	(78)
Share of loss (earnings) from equity-accounted investments	19	**(6)**	(2)	4
Deferred income tax (recovery) expense	11	**(15)**	56	(134)
Other non-cash items		**2**	109	409
Remeasurement of BEPC exchangeable and class B shares	16	**(1,800)**	(1,267)	2,561
Dividends received from equity-accounted investments	19	**4**	3	3
		1,405	1,046	1,011
Changes in due to or from related parties		**(18)**	(24)	(9)
Net change in working capital balances	29	**(103)**	(627)	(10)
		1,284	395	992
Financing activities				
Proceeds from non-recourse borrowings	14	**3,460**	4,133	2,927
Repayment of non-recourse borrowings	14	**(2,571)**	(2,641)	(2,914)
Capital contributions from non-controlling interests	15	**369**	65	329
Capital contributions from the partnership		**—**	—	102
Capital repaid to non-controlling interests		**(54)**	(181)	(82)
Exchangeable share issuance costs		**—**	—	(44)
Distributions paid:				
To participating non-controlling interests	15	**(1,286)**	(675)	(513)
To the partnership	16	**(78)**	—	(235)
Related party borrowings, net		**(242)**	(23)	(45)
		(402)	678	(475)
Investing activities				
Acquisitions net of cash and cash equivalents in acquired entity	3	**(48)**	(12)	(105)
Investment in property, plant and equipment	12	**(847)**	(1,354)	(373)
Proceeds from disposal of assets		**92**	376	17
Restricted cash and other		**65**	(37)	24
		(738)	(1,027)	(437)
Foreign exchange gain (loss) on cash		**(19)**	(33)	12
Cash and cash equivalents				
Increase		**125**	13	92
Net change in cash classified within assets held for sale		**(8)**	—	—
Balance, beginning of year		**525**	512	420
Balance, end of year		**$ 642**	$ 525	$ 512
Supplemental cash flow information:				
Interest paid		**$ 960**	$ 827	$ 737
Interest received		**$ 32**	$ 20	$ 19
Income taxes paid		**$ 90**	$ 49	$ 49

The accompanying notes are an integral part of these consolidated financial statements.

BROOKFIELD RENEWABLE CORPORATION

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Brookfield Renewable Corporation ("BEPC" or the "company) and its subsidiaries, own and operate a portfolio of renewable power and sustainable solution assets primarily in North America, South America and Europe. BEPC was formed as a corporation established under the British Columbia Business Corporation Act on September 9, 2019 and is a subsidiary of Brookfield Renewable Partners L.P. ("BEP"), or, collectively with its controlled subsidiaries, including BEPC ("Brookfield Renewable", or, collectively with its controlled subsidiaries, excluding BEPC, (the "partnership"). Brookfield Corporation ("Brookfield Corporation" or together with its controlled subsidiaries, other than Brookfield Renewable, and unless the context otherwise requires, includes Brookfield Asset Management, "Brookfield") is our company's ultimate parent.

The class A exchangeable subordinate voting shares ("BEPC exchangeable shares") of Brookfield Renewable Corporation are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol "BEPC".

The registered head office of Brookfield Renewable Corporation is 250 Vesey Street, New York, NY, United States.

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1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in the consolidated financial statements are based on the IFRS applicable as at December 31, 2022, which encompass individual IFRS, International Accounting Standards ("IAS"), and interpretations made by the International Financial Reporting Interpretations Committee ("IFRIC") and the Standard Interpretations Committee ("SIC"). The policies set out below are consistently applied to all periods presented, unless otherwise noted.

These consolidated financial statements have been authorized for issuance by the Board of Directors of the company on February 28, 2023.

Certain comparative figures have been reclassified to conform to the current year's presentation.

References to $, €, R$, and COP are to United States ("U.S.") dollars, euros, Brazilian reais and Colombian pesos, respectively.

All figures are presented in millions of U.S. dollars unless otherwise noted.

(b) Basis of presentation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of property, plant and equipment and certain assets and liabilities which have been measured at fair value. Cost is recorded based on the fair value of the consideration given in exchange for assets.

(c) Consolidation

These consolidated financial statements include the accounts of the company and its subsidiaries, which are the entities over which the company has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Non-controlling interests in the equity of the company's subsidiaries are shown separately in equity in the consolidated statements of financial position.

The company has entered into voting agreements with Brookfield, whereby the company gained control of the entities that own certain renewable power generating operations. The company has also entered into a voting agreement with its consortium partners in respect of its Colombian operations. These voting agreements provide the company the authority to direct the election of the Boards of Directors of the relevant entities, among other things, and therefore provide the company with control. Accordingly, the company consolidates the accounts of these entities. Refer to Note 28 – Related party transactions for further information.

For entities previously controlled by Brookfield Asset Management, the voting agreements entered into do not represent business combinations in accordance with IFRS 3, Business Combinations ("IFRS 3"), as all combining businesses are ultimately controlled by Brookfield Asset Management both before and after the transactions were completed. the company accounts for these transactions involving entities under common control in a manner similar to a pooling of interest, which requires the presentation of pre-voting agreement financial information as if the transactions had always been in place. Refer to Note 1(s)(ii) – Critical judgments in applying accounting policies – Common control transactions for the company's policy on accounting for transactions under common control.

Equity-accounted investments

Equity-accounted investments are entities over which the company has significant influence or joint arrangements representing joint ventures. Significant influence is the ability to participate in the financial and operating policy decisions of the investee, but without controlling or jointly controlling those investees. Such investments are accounted for using the equity method.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. the company accounts for its interests in joint ventures using the equity method.

Under the equity method, the carrying value of an interest in an investee is initially recognized at cost and adjusted for the company's share of net income, other comprehensive income ("OCI"), distributions by the equity-accounted investment and other adjustments to the company's proportionate interest in the investee.

(d) Foreign currency translation

All figures reported in the consolidated financial statements and tabular disclosures to the consolidated financial statements are reflected in millions of U.S. dollars, which is the functional currency of the company. Each of the foreign operations included in these consolidated financial statements determines its own functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency.

Assets and liabilities of foreign operations having a functional currency other than the U.S. dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at the rate of exchange prevailing at the dates of the transactions during the period. Gains or losses on translation of foreign subsidiaries are included in OCI. Gains or losses on foreign currency denominated balances are reported in the same manner

In preparing the consolidated financial statements of the company, foreign currency denominated monetary assets and liabilities are translated into the functional currency using the closing rate at the applicable consolidated statement of financial position dates. Non-monetary assets and liabilities, denominated in a foreign currency and measured at fair value, are translated at the rate of exchange prevailing at the date when the fair value was determined and non-monetary assets measured at historical cost are translated at the historical rate. Revenues and expenses are measured in the functional currency at the rates of exchange prevailing at the dates of the transactions with gains or losses included in income.

(e) Cash and cash equivalents

Cash and cash equivalents include cash, term deposits and money market instruments with original maturities of less than 90 days.

(f) Restricted cash

Restricted cash includes cash and cash equivalents, where the availability of funds is restricted primarily by credit and construction agreements.

(g) Property, plant and equipment and revaluation method

Power generating assets are classified as property, plant and equipment and are accounted for using the revaluation method under IAS 16, Property, Plant and Equipment ("IAS 16"). Property, plant and equipment are initially measured at cost and subsequently carried at their revalued amount, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

The company generally determines the fair value of its property, plant and equipment by using a 20-year discounted cash flow model for the majority of its assets. This model incorporates future cash flows from long-term power purchase agreements that are in place where it is determined that the power purchase agreements are linked specifically to the related power generating assets. The model also includes estimates of future electricity prices, anticipated long-term average generation, estimated operating and capital expenditures, and assumptions about future inflation rates and discount rates by geographical location. Construction work-in-progress ("CWIP") is revalued when sufficient information exists to determine fair value using the discounted cash flow method. Revaluations are made on an annual basis as at December 31 to ensure that the carrying amount does not differ significantly from fair value. For power generating assets acquired through business combinations, the company initially measures the assets at fair value consistent with the policy described in Note 1(o) – Business combinations, with no revaluations at year-end in the year of acquisition unless there is external evidence specific to those assets that would indicate the carrying value of the asset has either increased or decreased materially.

Where the carrying amount of an asset increased as a result of a revaluation, the increase is recognized in income to the extent the increase reverses a previously recognized decrease recorded through income, with the remainder of the increase recognized in OCI and accumulated in equity under revaluation surplus and non-controlling interest. When the carrying amount of an asset decreases, the decrease is recognized in OCI to the extent that a balance exists in revaluation surplus with respect to the asset, with the remainder of the decrease recognized in income.

Depreciation on power generating assets is calculated on a straight-line basis over the estimated service lives of the assets, which are as follows:

	Estimated service lives
Dams	Up to 115 years
Penstocks	Up to 60 years
Powerhouses	Up to 115 years
Hydroelectric generating units	Up to 115 years
Wind generating units	Up to 30 years
Solar generating units	Up to 35 years
Gas-fired cogenerating (“Cogeneration”) units	Up to 40 years
Other assets	Up to 60 years

Costs are allocated to significant components of property, plant and equipment. When items of property, plant and equipment have different useful lives, they are accounted for as separate items (significant components) and depreciated separately. To ensure the accuracy of useful lives and residual values, a review is conducted annually.

Depreciation is calculated based on the fair value of the asset less its residual value. Depreciation commences when the asset is in the location and conditions necessary for it to be capable of operating in the manner intended by management. It ceases at the earlier of the date the asset is classified as held-for-sale and the date the asset is derecognized. An item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use. Other assets include equipment, buildings and leasehold improvements. Buildings, furniture and fixtures, leasehold improvements and office equipment are recorded at historical cost, less accumulated depreciation. Land and CWIP are not subject to depreciation.

The depreciation of property, plant and equipment in Brazil is based on the duration of the authorization or the useful life of a concession asset. The weighted-average remaining duration at December 31, 2022 is 35 years (2021: 31 years). Since land rights are part of the concession or authorization, this cost is also subject to depreciation.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is applied to the revalued amount of the asset.

Gains and losses on disposal of an item of property, plant and equipment are recognized in Other income and Other in the consolidated statements of income (loss), respectively. The revaluation surplus is reclassified within the respective components of equity and not reclassified to net income when the assets are disposed.

(h) Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- the contract specified explicitly or implicitly the use of an identified asset, and that is physically distinct or represents substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the company has the right to direct the use of the asset. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decisions about how and for what purpose the asset is used are predetermined, the company has the right to direct the use of the asset if either:
    - The company has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or

- ◦ The company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the company has elected not to separate non-lease components and, therefore, accounts for the lease and non-lease components as a single lease component.

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewable period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made either to the carrying amount of the right-of-use asset or, when the adjustment is a reduction to the right-of-use asset, is recorded in the consolidated statements of income (loss) if the carrying amount of the right-of-use asset has been reduced to nil.

The company presents right-of-use assets in property, plant and equipment and lease liabilities in other long-term liabilities in the consolidated statements of financial position.

(i) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit or units ("CGU") to which it relates. the Company identifies CGU as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal or the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is charged to profit or loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. In the year of a business acquisition, the recoverability of the acquired goodwill is assessed by revisiting the assumptions of the related underwriting model.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the operation.

(j) Asset impairment

At each statement of financial position date, the company assesses whether for non-financial assets there is any indication that such assets are impaired. This assessment includes a review of internal and external factors which includes, but is not limited to, changes in the technological, political, economic or legal environment in which the entity operates in, structural changes in the industry, changes in the level of demand, physical damage and obsolescence due to technological changes. An impairment is recognized if the recoverable amount, determined as the higher of the estimated fair value less costs of disposal or the discounted future cash flows generated from use and eventual disposal from an asset or CGU is less than its carrying value.

For non-financial assets (including equity-accounted investments), an impairment is recognized if the recoverable amount, determined as the greater of the estimated fair value, less costs of disposal, and the discounted future cash flows generated from use and eventual disposal of an asset or CGU, is less than its carrying value. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

(k) Trade receivables and other current assets

Trade receivables and other current assets are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method, less any provision for expected credit losses.

(l) Financial instruments

Initial recognition

Under IFRS 9 – Financial Instruments ("IFRS 9"), regular purchases and sales of financial assets are recognized on the trade date, being the date on which the company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value. In the case of a financial asset not categorized as fair value through profit and loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset are included at initial recognition. Transaction costs of financial assets carried at FVPL are expensed in income.

Classification and measurement

Subsequent measurement of financial assets depends on the company's business objective for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its financial assets:

Amortized cost – Financial assets held for collection of contractual cash flows that represent solely payments of principal and interest are measured at amortized cost. Interest income is recognized as other income in the financial statements, and gains/losses are recognized in income when the asset is derecognized or impaired.

FVOCI – Financial assets held to achieve a particular business objective other than short-term trading are designated at fair value through other comprehensive income ("FVOCI"). For equity instruments designated at FVOCI, there is no recycling of gains or losses through income. Upon derecognition of the asset, accumulated gains or losses are transferred from OCI directly to retained earnings.

FVPL – Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. Gains or losses on these types of assets are recognized in income.

The company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its assets carried at amortized cost and FVOCI. For trade receivables and contract assets, the company applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the asset. The simplified approach to the recognition of ECL does not require entities to track the changes in credit risk; rather, entities recognize a loss allowance at each reporting date based on the lifetime ECL since the date of initial recognition of the asset.

Evidence of impairment may include:

- Indications that a debtor or group of debtors is experiencing significant financial difficulty;
- A default or delinquency in interest or principal payments;
- Probability that a debtor or a group of debtors will enter into bankruptcy or other financial reorganization;
- Changes in arrears or economic conditions that correlate with defaults, where observable data indicates that there is a measurable decrease in the estimated future cash flows.

Trade receivables are reviewed qualitatively on a case-by-case basis to determine if they need to be written off.

ECL are measured as the difference in the present value of the contractual cash flows that are due under contract and the cash flows expected to be received. ECL is measured by considering the risk of default over the contract period and incorporates forward looking information into its measurement.

Financial liabilities are classified as financial liabilities at fair value through profit and loss, amortized cost, or derivatives designated as hedging instruments in an effective hedge. The company determines the classification of its financial liabilities at initial recognition. The company's financial liabilities include accounts payable and accrued liabilities, corporate borrowings, non-recourse borrowings, derivative liabilities, due to related party balances, and tax equity. Financial liabilities are initially measured at fair value, with subsequent measurement determined based on their classification as follows:

FVPL – Financial liabilities held for trading, such as those acquired for the purpose of selling in the near term, derivative financial instruments entered into by the company that do not meet hedge accounting criteria, and tax equity are classified as fair value through profit and loss. Gains or losses on these types of liabilities are recognized in income.

The company owns and operates certain projects in the U.S. under tax equity structures to finance the construction of solar and wind projects. Such structures are designed to allocate renewable tax incentives, such as investment tax credits ("ITCs"), production tax credits ("PTCs") and accelerated tax depreciation, to tax equity investors. Generally, tax equity structures grant the tax equity investors the majority of the project's U.S. taxable earnings and renewable tax incentives, along with a smaller portion of the projects' cash flows, until a contractually determined point at which the allocations are adjusted (the "Flip Point"). Subsequent to the Flip Point the majority of the project's U.S. taxable earnings, renewable tax incentives and cash flows are allocated to the sponsor. The Flip Point dates are generally dependent on the underlying projects' reaching an agreed upon after tax investment return, however, from time to time, the Flip Point dates may be dates specified within the contract. At all times, both before and after the projects' Flip Point, the company retains control over the projects financed with a tax equity structure. In accordance with the substance of the contractual agreements, the amounts paid by the tax equity investors for their equity stakes are classified as financial instrument liabilities on the consolidated statements of financial position and at each reporting date are remeasured to their fair value in accordance with IFRS 9.

The fair value of the tax equity financing is generally comprised of the following elements:

Elements affecting the fair value of the tax equity financing	Description
Production tax credits (PTCs)	Allocation of PTCs to the tax equity investor are derived from the power generated during the period. The PTCs are recognized in foreign exchange and financial instrument gain (loss) with a corresponding reduction to the tax equity liability.
Taxable loss, including tax attributes such as accelerated tax depreciation	Under the terms of the tax equity agreements, the company is required to allocate specified percentages of taxable losses to the tax equity investor. As amounts are allocated, the obligation to deliver them is satisfied and a reduction to the tax equity liability is recorded with a corresponding amount recorded within foreign exchange and financial instrument gain (loss) on the consolidated statements of income (loss).
Pay-go contributions	Certain of the contracts contain annual production thresholds. When the thresholds are exceeded, the tax equity investor is required to contribute additional cash amounts. The cash amounts paid increase the value of the tax equity liability.
Cash distributions	Certain of the contracts also require cash distributions to the tax equity investor. Upon payment, the tax equity liability is reduced in the amount of the cash distribution.

Amortized cost – All other financial liabilities are classified as amortized cost using the effective interest rate method. Gains and losses are recognized in income when the liabilities are derecognized as well as through the amortization process. Remeasurement gains and losses on financial liabilities classified as amortized cost are presented in the consolidated statements of income (loss). Amortized cost is computed using the effective interest method less any principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. This category includes trade and other payables, dividends payable, interest-bearing loans and borrowings, and corporate credit facilities.

Derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The company designates its derivatives as hedges of:

- Foreign exchange risk associated with the cash flows of highly probable forecast transactions (cash flow hedges);
- Foreign exchange risk associated with net investment in foreign operations (net investment hedges);
- Commodity price risk associated with cash flows of highly probable forecast transactions (cash flow hedges); and
- Floating interest rate risk associated with floating rate debts (cash flow hedges).

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an ‘economic relationship’ between the hedged item and the hedging instrument;
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship; and

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

The fair values of various derivative financial instruments used for hedging purposes and movements in the hedge reserve within equity are shown in Note 6 – Risk management and financial instruments.

When a hedging instrument expires, is sold, is terminated, or no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remain in equity until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging are immediately reclassified to income.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in income at the time of the hedge relationship rebalancing.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in income, within foreign exchange and financial instruments gain (loss).

Gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity. Amounts accumulated in equity are reclassified in the period when the hedged item affects income.

(ii) Net investment hedges that qualify for hedge accounting

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in OCI and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit and loss within Foreign exchange and financial instruments gain (loss). Gains and losses accumulated in equity will be reclassified to income when the foreign operation is partially disposed of or sold.

(iii) Hedge ineffectiveness

The company's hedging policy only allows for the use of derivative instruments that form effective hedge relationships. Sources of hedge effectiveness are determined at the inception of the hedge relationship and measured through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. Where the critical terms of the hedging instrument match exactly with the terms of the hedged item, a qualitative assessment of effectiveness is performed. For other hedge relationships, the hypothetical derivative method to assess effectiveness is used.

(m) Revenue and expense recognition

The majority of revenue is derived from the sale of power and power related ancillary services both under contract and in the open market, sourced from the company's power generating facilities. The obligations are satisfied over time as the customer simultaneously receives and consumes benefits as the company delivers electricity and related products. Revenue is recorded based upon the output delivered and capacity provided at rates specified under either contract terms or prevailing market rates. The revenue reflects the consideration the company expects to be entitled to in exchange for those goods or services. Costs related to the purchases of power or fuel are recorded upon delivery. All other costs are recorded as incurred.

Details of the revenue recognized per technology are included in Note 7 – Segmented information.

Where available, the company has elected the practical expedient available under IFRS 15 – Revenue from contracts with customers ("IFRS 15") for measuring progress toward complete satisfaction of a performance obligation and for disclosure requirements of remaining performance obligations. The practical expedient allows an entity to recognize revenue in the amount to which the entity has the right to invoice such that the entity has a right to the consideration in an amount that corresponds directly with the value to the customer for performance completed to date by the entity.

If the consideration in a contract that does not apply the practical expedient available under IFRS 15 for measuring progress toward complete satisfaction of a performance obligation includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The company also sells power and related products under bundled arrangements. Energy, capacity and renewable credits within power purchase agreements are considered to be distinct performance obligations. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied under IFRS 15. The company views the sale of energy and capacity as a series of distinct goods that is substantially the same and has the same pattern of transfer measured by the output method. The company views renewable credits to be performance obligations satisfied at a point in time. During the year ended December 31, 2022, revenues recognized at a point in time corresponding to the sale of renewable credits were $259 million (2021: $181 million and 2020: $157 million). Measurement of satisfaction and transfer of control to the customer of renewable credits in a bundled arrangement coincides with the pattern of revenue recognition of the underlying energy generation.

Revenues recognized that are outside the scope of IFRS 15 include realized gains and losses from derivatives used in the risk management of the company's generation activities related to commodity prices. From time to time, our company also enters into commodity contracts to hedge all or a portion of its estimated revenue stream when selling electricity to an independent system operated market and there is no PPA available. These commodity contracts require periodic settlements in which our company receives a fixed-price based on specified quantities of electricity and pays the counterparty a variable market price based on the same specified quantity of electricity. As these derivatives are accounted for under hedge accounting, the changes in fair value are recorded in operating revenues in the consolidated statements of income (loss). Financial transactions included in revenues for the year ended December 31, 2022 decreased revenues by $146 million (2021: decreased revenues by $30 million and 2020: increased revenues by $53 million).

(n) Income taxes

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the statement of financial position dates. Current income tax assets and liabilities are included in trade receivables and other current assets and accounts payable and accrued liabilities, respectively.

Deferred tax is recognized on taxable temporary differences between the tax basis and the carrying amounts of assets and liabilities. Deferred tax is not recognized if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit. Deferred income tax assets are recognized for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent it is no longer probable that the income tax assets will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the statement of financial position dates.

Current and deferred income taxes relating to items recognized directly in OCI are also recognized directly in OCI.

(o) Business combinations

The acquisition of a business is accounted for using the acquisition method. The consideration for an acquisition is measured at the aggregate of the fair values, at the date of exchange, of the assets transferred, the liabilities incurred to former owners of the acquired business, and equity instruments issued by the acquirer in exchange for control of the acquired business. The acquired business' identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 – Business combinations ("IFRS 3"), are recognized at their fair values at the acquisition date, except for income taxes which are measured in accordance with IAS 12 – Income taxes ("IAS 12"), share-based payments which are measured in accordance with IFRS 2 – Share-based payment, liabilities and contingent liabilities which are measured under IAS 37 - Provisions, contingent liabilities and contingent assets or IFRIC 21 - Levies and non-current assets that are classified as held-for-sale which are measured at fair value less costs to sell in accordance with IFRS 5 – Non-current assets held for sale and discontinued operations. The non-controlling interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized or when applicable, at the fair value of the shares outstanding.

To the extent that the aggregate of the fair value of consideration paid, the amount of any non-controlling interest and the fair value of any previously held interest in the acquiree exceeds the fair value of the net identifiable tangible and intangible assets acquired, goodwill is recognized. To the extent that this difference is negative, the amount is recognized as a gain in income. Goodwill is not amortized and is not deductible for tax purposes. However, after initial recognition, goodwill will be measured at cost less any accumulated impairment losses. An impairment assessment will be performed at least annually, and whenever circumstances such as significant declines in expected revenues, earnings or cash flows indicate that it is more likely than not that goodwill might be impaired. Goodwill impairment charges are not reversible.

When a business combination is achieved in stages, previously held interests in the acquired entity are re-measured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in income. Amounts arising from interests in the acquired business prior to the acquisition date that have previously been recognized in OCI are reclassified to income. Upon disposal or loss of control of a subsidiary, the carrying amount of the net assets of the subsidiary (including any OCI relating to the subsidiary) are derecognized with the difference between any proceeds received and the carrying amount of the net assets recognized as a gain or loss in income.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in fair values are adjusted against the cost of the acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as liabilities will be recognized in the consolidated statements of income (loss), whereas changes in the fair values of contingent consideration classified within equity are not subsequently re-measured.

(p) Assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification subject to limited exceptions.

When the company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Assets classified as held for sale and the assets of a disposal group are presented separately from other assets in the consolidated statements of financial position and are classified as current. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statements of financial position and are classified as current.

Once classified as held for sale, property, plant and equipment and intangible assets are not depreciated or amortized.

(q) Other items

(i) Capitalized costs

Capitalized costs related to CWIP include eligible expenditures incurred in connection with acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that takes a substantial period of time to prepare for its intended use. Interest and borrowing costs related to CWIP are capitalized when activities that are necessary to prepare the asset for its intended use or sale are in progress, expenditures for the asset have been incurred and funds have been used or borrowed to fund the construction or development. Capitalization of costs ceases when the asset is ready for its intended use.

(ii) Pension and employee future benefits

Pension and employee future benefits are recognized in the consolidated financial statements in respect of employees of the operating entities within the company. The costs of retirement benefits for defined benefit plans and post-employment benefits are recognized as the benefits are earned by employees. The projected unit credit method, using the length of service and management's best estimate assumptions, is used to value pension and other retirement benefits. All actuarial gains and losses are recognized immediately through OCI in order for the net pension asset or liability recognized in the consolidated statements of financial position to reflect the full value of the plan deficit or surplus. Net interest is calculated by applying the discount rate to the net defined benefit asset or liability. Changes in the net defined benefit obligation related to service costs (comprising of current service costs, past services costs, gains and losses on curtailments and non-routine settlements), and net interest expense or income are recognized in the consolidated statements of income (loss).

Re-measurements, comprising of actuarial gains or losses, the effect of the asset ceiling, and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to OCI in the period in which they occur. Re-measurements are not reclassified to income in subsequent periods. For defined contribution plans, amounts are expensed based on employee entitlement.

(iii) Decommissioning, restoration and environmental liabilities

Legal and constructive obligations associated with the retirement of property, plant and equipment are recorded as liabilities when those obligations are incurred and are measured at the present value of the expected costs to settle the liability, using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The liability is accreted up to the date the liability will be settled with a corresponding charge to operating expenses. The carrying amount of decommissioning, restoration and environmental liabilities is reviewed annually with changes in the estimates of timing or amount of cash flows added to or deducted from the cost of the related asset.

(iv) Provisions

A provision is a liability of uncertain timing or amount. A provision is recognized if the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. The provision is measured at the present value of the best estimate of the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Provisions are re-measured at each statement of financial position date using the current discount rate. The increase in the provision due to the passage of time is recognized as interest expense.

(v) Interest income

Interest income is earned with the passage of time and is recorded on an accrual basis.

(vi) Government grants

The company becomes eligible for government grants by constructing or purchasing renewable power generating assets, and by bringing those assets to commercial operation, coupled with a successful application to the applicable program or agency. The assessment of whether or not a project has complied with the conditions and that there is reasonable assurance the grants will be received will be undertaken on a case-by-case basis. The company reduces the cost of the asset by the amount of the grant. The grant amounts are recognized in income on a systematic basis as a reduction of depreciation over the periods, and in the proportions, in which depreciation on those assets is charged.

With respect to grants related to income, the government assistance (in the form of the difference between market price and guaranteed fixed price) typically becomes payable once electricity is produced and delivered to the relevant grid. It is at this point that the receipt of the grant becomes reasonably assured, and therefore the grant is recognized as revenue in the month that delivery of the electricity occurs.

(r) Critical estimates

The company makes estimates and assumptions that affect the carrying value of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of income and other comprehensive income for the year. Actual results could differ from these estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

(i) Property, plant and equipment

The fair value of the company's property, plant and equipment is calculated using estimates and assumptions about future electricity prices from renewable sources, anticipated long-term average generation, estimated operating and capital expenditures, future inflation rates and discount rates, as described in Note 12 – Property, plant and equipment, at fair value. Judgment is involved in determining the appropriate estimates and assumptions in the valuation of the company's property, plant and equipment. See Note 1(s)(iii) – Critical judgments in applying accounting policies – Property, plant and equipment for further details.

Estimates of useful lives and residual values are used in determining depreciation and amortization. To ensure the accuracy of useful lives and residual values, these estimates are reviewed on an annual basis.

(ii) Financial instruments

The company makes estimates and assumptions that affect the carrying value of its financial instruments, including estimates and assumptions about future electricity prices, long-term average generation, capacity prices, discount rates, the timing of energy delivery and the elements affecting fair value of the tax equity financings. The fair value of interest rate swaps is the estimated amount that another party would receive or pay to terminate the swap agreements at the reporting date, taking into account current market interest rates. This valuation technique approximates the net present value of future cash flows. See Note 6 – Risk management and financial instruments for more details.

(iii) Deferred income taxes

The consolidated financial statements include estimates and assumptions for determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the consolidated statement of financial position dates. Operating plans and forecasts are used to estimate when the temporary difference will reverse based on future taxable income.

(iv) Decommissioning liabilities

Decommissioning costs will be incurred at the end of the operating life of some of the company's assets. These obligations are typically many years in the future and require judgment to estimate. The estimate of decommissioning costs can vary in response to many factors including changes in relevant legal, regulatory, and environmental requirements, the emergence of new restoration techniques or experience at other power generating facilities. Inherent in the calculations of these costs are assumptions and estimates including the ultimate settlement amounts, inflation factors, discount rates, and timing of settlements.

(s) Critical judgments in applying accounting policies

The following are the critical judgments that have been made in applying the accounting policies used in the consolidated financial statements that have the most significant effect on the amounts in the consolidated financial statements:

(i) Preparation of consolidated financial statements

These consolidated financial statements present the financial position, results of operations and cash flows of the company. The company exercises judgment in determining whether non-wholly owned subsidiaries are controlled by the company. The company's judgment included the determination of (i) how the relevant activities of the subsidiary are directed; (ii) whether the rights of shareholdings are substantive or protective in nature; and (iii) the company's ability to influence the returns of the subsidiary.

(ii) Common control transactions

Common control business combinations specifically fall outside of scope of IFRS 3 and as such management has used its judgment to determine an appropriate policy to account for these transactions by considering other relevant accounting guidance that is within the framework of principles in IFRS and that reflects the economic reality of the transactions. The company's policy is to record assets and liabilities recognized as a result of transactions between entities under common control at the carrying value on the transferor's financial statements, and to have the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of financial position, consolidated statements of changes in equity and consolidated statements of cash flows reflect the results of the combined entities for all periods presented for which the entities were under the transferor's common control, irrespective of when the combination takes place. Differences between the consideration given and the assets and liabilities received are recorded directly to equity.

(iii) Property, plant and equipment

The accounting policy relating to the company's property, plant and equipment is described in Note 1(g) – Property, plant and equipment and revaluation method. In applying this policy, judgment is used in determining whether certain costs are additions to the carrying amount of the property, plant and equipment as opposed to repairs and maintenance that are expensed when incurred. If an asset has been developed, judgment is required to identify the point at which the asset is capable of being used as intended and to identify the directly attributable costs to be included in the carrying value of the development asset. The useful lives of property, plant and equipment are determined by independent engineers periodically with an annual review by management.

Annually, the company determines the fair value of its property, plant and equipment using a methodology that it has judged to be reasonable. The methodology for hydroelectric assets is generally a twenty-year discounted cash flow model. Twenty years is the period considered reasonable as the company has twenty-year capital plans and it believes a reasonable third party would be indifferent between extending the cash flows further in the model versus using a discounted terminal value. The methodology for wind, solar and other assets is to align the model length with the expected remaining useful life of the subject assets.

The valuation model incorporates future cash flows from long-term power purchase agreements that are in place where it is determined that the power purchase agreements are linked specifically to the related power generating assets. With respect to estimated future generation that does not incorporate long-term power purchase agreement pricing, the cash flow model uses estimates of future electricity prices using broker quotes from independent sources for the years in which there is a liquid market. The valuation of generation not linked to long-term power purchase agreements also requires the development of a long-term estimate of future electricity prices. In this regard the valuation model uses a discount to the all-in cost of construction with a reasonable return to secure energy from a new renewable resource with a similar generation profile to the asset being valued as the benchmark that will establish the market price for electricity for renewable resources.

The company's long-term view is anchored to the cost of securing new energy from renewable sources to meet future demand growth by the years 2026 to 2035 in North America, 2029 in Colombia and 2026 in Brazil. The year of new entry is viewed as the point when generators must build additional capacity to maintain system reliability and provide an adequate level of reserve generation with the retirement of older coal-fired plants and rising environmental compliance costs in North America, and overall increasing demand in Colombia and Brazil. For the North American business, the company has estimated a discount to these new-build renewable asset prices to determine renewable electricity prices for hydroelectric, solar and wind facilities. In Brazil and Colombia, the estimate of future electricity prices is based on a similar approach as applied in North America using a forecast of the all-in cost of development.

Terminal values are included in the valuation of hydroelectric assets in North America and Colombia. For the hydroelectric assets in Brazil, cash flows have been included based on the duration of the authorization or useful life of a concession asset with consideration of a one-time thirty-year renewal on qualifying hydroelectric assets.

Discount rates are determined each year by considering the current interest rates, average market cost of capital as well as the price risk and the geographical location of the operational facilities as judged by management. Inflation rates are also determined by considering the current inflation rates and the expectations of future rates by economists. Operating costs are based on long-term budgets escalated for inflation. Each operational facility has a twenty-year capital plan that it follows to ensure the maximum life of its assets is achieved. Foreign exchange rates are forecasted by using the spot rates and the available forward rates, extrapolated beyond the period available. The inputs described above to the discounted cash flow model require management to consider facts, trends and plans in making its judgments as to what derives a reasonable fair value of its property, plant and equipment.

(iv) Financial instruments

The accounting policy relating to the company's financial instruments is described in Note 1(l) – Financial instruments. In applying the policy, judgments are made in applying the criteria set out in IFRS 9 to record financial instruments at fair value through profit and loss, fair value through other comprehensive income and the assessments of the effectiveness of hedging relationships.

For power purchase agreements accounted for under IFRS 9 ("IFRS 9 PPAs") that have unobservable values, Brookfield Renewable determines the fair value of these IFRS 9 PPAs using a discounted cash flow model based on the term of the contract and applies judgements surrounding the inputs used within the valuation model. The valuation model incorporates various inputs and assumptions including future power prices, contractual prices, contractual volumes and discount rates. Future power prices are based on broker quotes from independent sources and for IFRS 9 PPAs with no available broker quotes, future fuel driven merchant prices are incorporated within the model. Contractual prices are stipulated within each individual agreement, contractual volumes are either specified within the agreement or determined using future generation of the power generating assets and discount rate used in the valuation model is the credit adjusted risk free rate.

(v) Deferred income taxes

The accounting policy relating to the company's income taxes is described in Note 1(n) – Income taxes. In applying this policy, judgments are made in determining the probability of whether deductions, tax credits and tax losses can be utilized.

(vi) Earnings per share

The company's basic and diluted earnings per share have not been presented in the consolidated financial statements. Exchangeable and class B shares are classified as financial liabilities, while class C shares are classified as financial liabilities, but presented as equity instruments given the narrow scope presentation exceptions existing in IAS 32. As each share classification represents a financial liability, they do not constitute ordinary shares. Refer to the aforementioned notes for further details.

(t) Recently adopted accounting standards

Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising from liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments to IFRS 3 apply to annual reporting periods beginning on or after January 1, 2022. The company has completed an assessment and implemented its transition plan that addresses the impact and effect changes as a result of amendments to the recognition principle of IFRS 3. The adoption did not have a significant impact on the company's financial reporting

IFRS Interpretations Committee Agenda Decision - Demand Deposits with Restriction on Use Arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)

In April 2022, the IFRS Interpretations Committee ("IFRS IC") concluded that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7 Statement of Cash Flows. In the fact pattern described in the request, the contractual restrictions on the use of the amounts held in the demand deposit did not change the nature of the deposit — the entity can access those amounts on demand. Therefore, the entity should include the demand deposit as a component of "cash and cash equivalents" in its statement of financial position and in its statement of cash flows. The company has completed the assessment and implemented its transition plan that addresses the impact of this IFRS IC agenda decision. The effect of the IFRIC IC agenda decision resulted in an increase to Cash and cash equivalents and a corresponding decrease to Restricted cash of $207 million (2021: $115 million), on the consolidated statements of financial position. The impact on the consolidated statements of cash flows is an increase to Cash and cash equivalents of $207 million (2021: $115 million and 2020: $157 million) and an increase to cash used in investing activities in the prior year (2021: $43 million and 2020: $41 million).

(s) Future changes in accounting policies

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2024. The company is currently assessing the impact of these amendments.

There are currently no other future changes to IFRS with potential impact on the company.

2. PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the company which significantly affect its financial position and results of operations as at December 31, 2022:

	Jurisdiction of Incorporation or Organization	Percentage of voting securities owned or controlled (%)
BP Brazil US Subco LLC	Delaware	100
Brookfield Power US Holding America Co.	Delaware	100
Isagen S.A. E.S.P.[1]	Colombia	99.70
TerraForm Power Parent, LLC[1]	New York	100.00

(1) Voting control held, in whole or in part, through voting agreements with Brookfield.

3. ACQUISITIONS

Completed in 2022

The following investments were accounted for using the acquisition method, and the results of operations have been included in the audited annual consolidated financial statements since the date of acquisition.

California Resources Corporation

On August 3, 2022, the company, together with its institutional partners, formed a joint venture with California Resources Corporation ("CRC") to establish a Carbon Management Business that will develop carbon capture and storage in California. The company, together with its institutional partners, has committed to invest up to $500 million to fund the development of identified carbon capture and storage projects in California. This includes an initial investment of approximately $137 million, of which $48 million was deployed during the year, which includes a put option that offers strong downside protection at a pre-determined rate of return. The company holds an approximate 10% economic interest.

Completed in 2020

The following investments were accounted for using the acquisition method, and the results of operations have been included in the audited annual consolidated financial statements since the date of acquisition.

Spanish CSP Portfolio

On February 11, 2020, the company, through its investment in TerraForm Power, completed the acquisition of 100% of a portfolio of two concentrated solar power facilities (together, "Spanish CSP Portfolio") located in Spain with a combined nameplate capacity of approximately 100 MW. The purchase price of this acquisition, including working capital adjustments, was €111 million ($121 million). The total acquisition costs of $1 million were expensed as incurred and have been classified under Other in the consolidated statement of income (loss).

This investment was accounted for using the acquisition method, and the results of operations have been included in the audited annual consolidated financial statements since the date of the acquisition. If the acquisition had taken place at the beginning of the year, the revenue from the Spanish CSP Portfolio would have been $99 million for the year ended December 31, 2020.

The purchase price allocation, at fair value, with respect to the acquisition is as follows:

(MILLIONS)	Spanish CSP Portfolio
Cash and cash equivalents	$ 22
Restricted cash	27
Trade receivables and other current assets	33
Property, plant and equipment, at fair value	661
Deferred tax assets	14
Other non-current assets	8
Current liabilities	(17)
Financial instruments	(148)
Non-recourse borrowings	(475)
Decommissioning liabilities	(23)
Other long-term liabilities	(22)
Fair value of identifiable net assets acquired	80
Goodwill	41
Purchase price	$ 121

4. DISPOSAL OF ASSETS

In June 2022, the company, together with its institutional partners, completed the sale of its 100% interest in a 36 MW operating hydroelectric portfolio in Brazil ("Brazil Hydroelectric Portfolio") for proceeds of R$461 million (approximately $90 million and $23 million net to the company). The company holds an approximately 23% economic interest in each of the project entities within the Brazil Hydroelectric Portfolio and a 100% voting interest. As a result of the disposition, the company's post-tax portion of the accumulated revaluation surplus of $27 million was reclassified from accumulated other comprehensive income directly to equity and noted as a Disposal item in the consolidated statements of changes in equity.

Summarized financial information relating to the disposal of the Brazil Hydroelectric Portfolio is shown below:

(MILLIONS)	Total
Proceeds, net of transaction costs	$ 90
Carrying value of net assets held for sale	
Assets	90
Liabilities	—
	90
Loss on disposal, net of transaction costs	$ —

5. ASSETS HELD FOR SALE

As at December 31, 2022, assets held for sale within the company's operating segments include a 378 MW operating hydroelectric portfolio in the U.S. following out institutional partners' agreement to sell their 50% interest. The company will continue to retain its 22% interest in the investment and accordingly, will not receive proceeds from the sale. The portfolio has been reclassified as held for sale, as subsequent to our institutional partners' 50% interest completing this sale, the company will no longer consolidate this investment and will recognize its interest as an equity-accounted investment.

The following is a summary of the major items of assets and liabilities classified as held for sale as at December 31:

(MILLIONS)	2022
Assets	
Cash and cash equivalents	$ 8
Trade receivables and other current assets	2
Financial instrument assets	3
Property, plant and equipment, at fair value	685
Other long-term assets	—
Assets held for sale	$ 698
Liabilities	
Current liabilities	$ 7
Non-recourse borrowings	171
Financial instrument liabilities	37
Other long-term liabilities	2
Liabilities directly associated with assets held for sale	$ 217

The company continues to consolidate and recognize the revenues, expenses and cash flows associated with assets held for sale in the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), and the consolidated statements of cash flows, respectively. Non-current assets classified as held for sale are not depreciated.

6. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

RISK MANAGEMENT

The company's activities expose it to a variety of financial risks, including market risk (i.e., commodity price risk, interest rate risk, and foreign currency risk), credit risk and liquidity risk. The company uses financial instruments primarily to manage these risks.

The sensitivity analysis discussed below reflects the risks associated with instruments that the company considers are market sensitive and the potential loss resulting from one or more selected hypothetical changes. Therefore, the discussion below is not intended to fully reflect the company's risk exposure.

(a) Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the company will fluctuate because of changes in market prices.

The company faces market risk from foreign currency assets and liabilities, the impact of changes in interest rates, and floating rate liabilities. Market risk is managed by funding assets with financial liabilities in the same currency and with similar interest rate characteristics and holding financial contracts, such as interest rate swaps and foreign exchange contracts, to minimize residual exposures. Financial instruments held by the company that are subject to market risk include borrowings and financial instruments, such as interest rate, currency and commodity contracts. The categories of financial instruments that can give rise to significant variability are described below:

(i) Electricity price risk

The company aims to sell electricity under long-term contracts to secure stable prices and mitigate its exposure to wholesale markets. Electricity price risk arises from the sale of the company's uncontracted generation and is mitigated by entering into short-term energy derivative contracts. Electricity price risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the company will fluctuate because of changes in electricity prices.

The table below summarizes the impact of changes in the market price of electricity as at December 31. The impact is expressed in terms of the effect on net income and OCI. The sensitivities are based on the assumption that the market price changes by 5% with all other variables held constant.

Impact of a 5% change in the market price of electricity, on outstanding energy derivative contracts and IFRS 9 PPAs, for the year ended December 31:

	Effect on net income[1]			Effect on OCI[1]		
(MILLIONS)	**2022**	2021	2020	**2022**	2021	2020
5% increase	**$ (30)**	$ (34)	$ (9)	**$ (34)**	$ (20)	$ (11)
5% decrease	**30**	34	9	**34**	20	11

(1) Amounts represent the potential annual net pretax impact.

(ii) Foreign currency risk

Foreign currency risk is defined for these purposes as the risk that the fair value of a financial instrument held by the company will fluctuate because of changes in foreign currency rates.

The company has exposure to the Canadian dollar, euro, Brazilian real, and Colombian peso through its investments in foreign operations. Consequently, fluctuations in the U.S. dollar exchange rate against these currencies increase the volatility of net income and other comprehensive income. The company holds foreign currency contracts primarily to mitigate this exposure.

The table below summarizes the impact to the company's financial instruments of changes in the exchange rate as at December 31. The impact is expressed in terms of the effect on income and OCI. The sensitivities are based on the assumption that the currency exchange rate changes by five percent with all other variables held constant.

Impact of a 5% change in U.S. dollar exchange rates, on outstanding foreign exchange swaps, for the year ended December 31:

	Effect on net income[1]			Effect on OCI[1]		
(MILLIONS)	**2022**	2021	2020	**2022**	2021	2020
5% increase	**$ 18**	$ 21	$ 56	**$ 44**	$ 29	$ 26
5% decrease	**(18)**	(21)	(54)	**(44)**	(29)	(26)

(1) Amounts represent the potential annual net pretax impact.

(iii) Interest rate risk

Interest rate risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the company will fluctuate, because of changes in interest rates.

The company's assets largely consist of long duration physical assets. The company's financial liabilities consist primarily of long-term fixed-rate debt or variable-rate debt that has been swapped to fixed rates with interest rate financial instruments. All non-derivative financial liabilities are recorded at their amortized cost. The company also holds interest rate contracts to lock-in fixed rates on certain anticipated future debt issuances.

The company will enter into interest rate swaps designed to minimize the exposure to interest rate fluctuations on its variable-rate debt. Fluctuations in interest rates could impact the company's cash flows, primarily with respect to the interest payable against the company's variable rate debt, which is limited to certain non-recourse borrowings with a total principal value of $5,979 million (2021: $5,165 million). Of this principal value, $2,561 million (2021: $3,493 million) has been fixed through the use of interest rate contracts. The fair values of the recognized asset and liability for the interest rate swaps were calculated using a valuation model with observable interest rates.

The table below summarizes the impact of changes in the interest rate as at December 31. The impact is expressed in terms of the effect on income and OCI. The sensitivities are based on the assumption that the interest rate changes by 1% with all other variables held constant.

Impact of a 1% change in interest rates, on outstanding interest rate swaps, variable rate debt and tax equity, for the year ended December 31:

	Effect on net income[(1)]			Effect on OCI[(1)]		
(MILLIONS)	**2022**	2021	2020	**2022**	2021	2020
1% increase	**$ (10)**	$ 11	$ 2	**$ 90**	$ 111	$ 119
1% decrease	**10**	(11)	(3)	**(95)**	(121)	(126)

(1) Amounts represent the potential annual net pretax impact.

(b) Credit risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations. The company's exposure to credit risk in respect of financial instruments relates primarily to counterparty obligations regarding energy contracts, interest rate swaps, forward foreign exchange contracts and physical electricity transactions.

The company minimizes credit risk with counterparties through the selection, monitoring and diversification of counterparties, and the use of standard trading contracts, and other credit risk mitigation techniques. In addition, the company's power purchase agreements are reviewed regularly and the majority are with customers having long standing credit histories or investment grade ratings, which limit the risk of non-collection. See Note 22 – Trade receivables and other current assets, for additional details regarding the company's trade receivables balance.

The maximum credit exposure at December 31 was as follows:

(MILLIONS)	**2022**	2021
Trade receivables and other short-term receivables	**$ 647**	$ 609
Financial instrument assets[(1)]	**292**	116
Due from related parties[(1)]	**624**	558
Long-term receivables	**$ 38**	$ 30
	$ 1,601	$ 1,313

(1) Includes both the current and long-term amounts.

(c) Liquidity risk

Liquidity risk is the risk that the company cannot meet a demand for cash or fund an obligation when due. Liquidity risk is mitigated by the company's cash and cash equivalent balances and its access to undrawn credit facilities. Details of the available portion of credit facilities are included in Note 14 – Borrowings. The company also ensures that it has access to public capital markets and maintains a strong investment grade credit rating.

The company is also subject to the risk associated with debt financing. This risk is mitigated by the long-term duration of debt instruments and the staggered maturity dates over an extended period of time.

CASH OBLIGATIONS

The table below classifies the cash obligations related to the company's liabilities into relevant maturity groupings based on the remaining period from the statement of financial position dates to the contractual maturity date. As the amounts are the contractual undiscounted cash flows (gross of unamortized financing fees and accumulated amortization, where applicable), they may not agree with the amounts disclosed in the consolidated statements of financial position.

AS AT DECEMBER 31, 2022 (MILLIONS)	**< 1 year**	**2-5 years**	**> 5 years**	**Total**
Accounts payable and accrued liabilities	**$ 621**	**$ —**	**$ —**	**$ 621**
Financial instrument liabilities[1][2]	**270**	**403**	**175**	**848**
Due to related parties[1]	**464**	**—**	**—**	**464**
Other long-term liabilities – concession payments	**1**	**6**	**20**	**27**
Lease liabilities[1]	**26**	**60**	**278**	**364**
Non-recourse borrowings[1]	**1,299**	**4,122**	**8,359**	**13,780**
Interest payable on borrowings[3]	**813**	**2,711**	**2,361**	**5,885**
Total	**$ 3,494**	**$ 7,302**	**$ 11,193**	**$ 21,989**

AS AT DECEMBER 31, 2021 (MILLIONS)	< 1 year	2-5 years	> 5 years	Total
Accounts payable, accrued liabilities, and provisions	$ 452	$ —	$ —	$ 452
Financial instrument liabilities[1][2]	247	355	168	770
Due to related parties[1]	649	—	—	649
Other long-term liabilities – concession payments	1	6	13	20
Lease liabilities[1]	25	94	252	371
Non-recourse borrowings[1]	1,452	4,395	7,699	13,546
Interest payable on borrowings[3]	587	1,888	1,774	4,249
Total	$ 3,413	$ 6,738	$ 9,906	$ 20,057

(1) Includes both the current and long-term amounts.
(2) Includes tax equity liabilities that will be partially settled by the delivery of non-cash tax attributes.
(3) Represents aggregate interest payable expected to be paid over the entire term of the obligations, if held to maturity. Variable rate interest payments have been calculations based on estimated interest rates.

Fair value disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, management looks primarily to external readily observable market inputs such as interest rate yield curves, currency rates, commodity prices and, as applicable, credit spreads.

A fair value measurement of a non-financial asset is the consideration that would be received in an orderly transaction between market participants, considering the highest and best use of the asset.

Assets and liabilities measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

Level 1 – inputs are based on unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 – inputs, other than quoted prices in Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The following table presents the company's assets and liabilities measured and disclosed at fair value classified by the fair value hierarchy as at December 31:

(MILLIONS)	Level 1	Level 2	Level 3	2022	2021
Assets measured at fair value:					
Cash and cash equivalents	**$ 642**	**$ —**	**$ —**	**$ 642**	$ 525
Restricted cash[1]	**68**	**—**	**—**	**68**	81
Financial instrument assets[1]					
Energy derivative contracts	**—**	**33**	**1**	**34**	45
Interest rate swaps	**—**	**261**	**—**	**261**	40
Foreign exchange swaps	**—**	**—**	**—**	**—**	31
Investments in equity securities	**—**	**—**	**292**	**292**	—
Property, plant and equipment	**—**	**—**	**37,828**	**37,828**	37,915
Liabilities measured at fair value:					
Financial instrument liabilities[1]					
Energy derivative contracts	**—**	**(231)**	**(189)**	**(420)**	(206)
Interest rate swaps	**—**	**(14)**	**—**	**(14)**	(103)
Foreign exchange swaps	**—**	**(61)**	**—**	**(61)**	(6)
Tax equity	**—**	**—**	**(353)**	**(353)**	(455)
Liabilities for which fair value is disclosed:					
BEPC exchangeable and class B shares[2]	**(4,364)**	**—**	**—**	**(4,364)**	(6,163)
Non-recourse borrowings[1]	**(1,739)**	**(11,108)**	**—**	**(12,847)**	(14,397)
Total	**$ (5,393)**	**$ (11,120)**	**$ 37,579**	**$ 21,066**	$ 17,307

(1) Includes both the current amount and long-term amount.

(2) BEPC class C shares are also classified as financial liabilities due to their cash redemption feature. As discussed in Note 16 – BEPC exchangeable shares, BEPC class B shares and BEPC class C shares, the BEPC class C shares meet certain qualifying criteria and are presented as equity.

There were no transfers between levels during the year ended December 31, 2022.

Financial instruments disclosures

The aggregate amount of the company's net financial instrument positions as at December 31 are as follows:

	Financial Instruments Assets				Financial Instruments Liabilities				
		Instruments not designated as hedges				Instruments not designated as hedges			
(MILLIONS)	Instruments designated as hedges	Fair value through profit & loss	Fair value through OCI	Total	Instruments designated as hedges	Fair value through profit & loss	Fair value through OCI	Total	Net Assets (Liabilities)
IFRS 9 PPAs	$ 10	$ 3	$ —	$ 13	$ (35)	$ (7)	$ —	$ (42)	$ (29)
Energy derivative contracts	3	29	—	32	(61)	(103)	—	(164)	(132)
Interest rate swaps	22	18	—	40	(103)	—	—	(103)	(63)
Foreign exchange swaps	31	—	—	31	(4)	(2)	—	(6)	25
Investments in debt and equity securities	—	—	—	—	—	—	—	—	—
Tax equity	—	—	—	—	—	(455)	—	(455)	(455)
Balance, as at December 31, 2021	$ 66	$ 50	$ —	$ 116	$ (203)	$ (567)	$ —	$ (770)	$ (654)
Less: current portion				(58)				247	189
Long-term portion				$ 58				$ (523)	$ (465)
IFRS 9 PPAs	$ —	$ —	$ —	$ —	$ (94)	$ (94)	$ —	$ (188)	$ (188)
Energy derivative contracts	12	22	—	34	(37)	(195)	—	(232)	(198)
Interest rate swaps	222	39	—	261	(14)	—	—	(14)	247
Foreign exchange swaps	—	—	—	—	(52)	(9)	—	(61)	(61)
Investments in debt and equity securities	—	—	292	292	—	—	—	—	292
Tax equity	—	—	—	—	—	(353)	—	(353)	(353)
Balance, as at December 31, 2022	$ 234	$ 61	$ 292	$ 587	$ (197)	$ (651)	$ —	$ (848)	$ (261)
Less: current portion				(106)				270	164
Long-term portion				$ 481				$ (578)	$ (97)

The following table presents the change in Brookfield Renewable's total net financial instrument asset position as at and for the year ended December 31:

(MILLIONS)	Balance as at Dec. 31, 2021 asset (liability)	Changes in fair value recognized in OCI[1]	Changes in fair value (hedge ineffectiveness)[2]	Changes in fair value on financial instruments through profit and loss[2]	Amounts reclassified from OCI to income	Acquisitions, settlements and other	Foreign exchange gain (loss)	Balance as at Dec. 31, 2022 asset (liability)
IFRS 9 PPAs[3]	$ (29)	$ (75)	$ (13)	$ (111)	$ 22	$ 18	$ —	$ (188)
Energy derivative contracts	(132)	(117)	2	(132)	142	39	—	(198)
Interest rate swaps	(63)	260	(1)	38	5	14	(6)	247
Foreign exchange swaps	25	(78)	—	87	—	(95)	—	(61)
Investments in debt and equity securities	—	—	—	—	—	292	—	292
Tax equity	(455)	—	—	83	—	19	—	(353)
	$ (654)	**$ (10)**	**$ (12)**	**$ (35)**	**$ 169**	**$ 287**	**$ (6)**	**$ (261)**

(1) Amounts recognized in Equity-accounted investments, Gains (losses) arising during the year on financial instruments designated as cash-flow hedges and Unrealized gain (loss) on foreign exchange swaps – net investment hedge on the consolidated statements of comprehensive income (loss).
(2) Amounts recognized in Foreign exchange and financial instruments gain (loss) on the consolidated statements of income (loss) excluding realized gains and losses recorded on foreign exchange.
(3) Level 3 power purchase agreements accounted for as energy derivatives that are either designated as a hedge or not designated as a hedge.

(MILLIONS)	Balance as at Dec. 31, 2020 asset (liability)	Changes in fair value recognized in OCI[1]	Changes in fair value (hedge ineffectiveness)[2]	Changes in fair value on derivatives not designated in hedge relationships[2]	Amounts reclassified from OCI to income	Acquisitions, settlements and other	Foreign exchange gain (loss)	Balance as at Dec. 31, 2021 asset (liability)
IFRS 9 PPAs[3]	$ 68	$ (151)	$ (5)	$ (125)	$ 90	$ 94	$ —	$ (29)
Energy derivative contracts	9	(131)	—	(40)	35	(5)	—	(132)
Interest rate swaps	(244)	2	(3)	49	74	66	(7)	(63)
Foreign exchange swaps	(19)	30	—	110	—	(96)	—	25
Investments in debt and equity securities	—	—	—	—	—	—	—	—
Tax equity	(402)	—	—	(21)	—	(32)	—	(455)
	$ (588)	$ (250)	$ (8)	$ (27)	$ 199	$ 27	$ (7)	$ (654)

(1) Amounts recognized in Equity-accounted investments, Gains (losses) arising during the year on financial instruments designated as cash-flow hedges and Unrealized gain (loss) on foreign exchange swaps – net investment hedge on the consolidated statements of comprehensive income (loss).
(2) Amounts recognized in Foreign exchange and financial instruments gain (loss) on the consolidated statements of income (loss) excluding realized gains and losses recorded on foreign exchange.
(3) Level 3 power purchase agreements accounted for as energy derivatives that are either designated as a hedge or not designated as a hedge.

(a) Tax equity

The company owns and operates certain projects in the United States under tax equity structures to finance the construction of solar and wind projects. In accordance with the substance of the contractual agreements, the amounts paid by the tax equity investors for their equity stakes are classified as financial instrument liabilities on the consolidated statements of financial position.

Gain or loss on the tax equity liabilities are recognized within foreign exchange and financial instruments (loss) gain in the consolidated statements of income (loss).

(b) Energy derivative contracts and IFRS 9 PPAs

The company has entered into long-term energy derivative contracts primarily to stabilize or eliminate the price risk on the sale of certain future power generation. Certain energy contracts are recorded in the company's consolidated financial statements at an amount equal to fair value, using quoted market prices or, in their absence, a valuation model using both internal and third-party evidence and forecasts.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the energy derivative contracts match the terms of the expected highly probable forecast transactions (i.e. notional amount and expected payment date). The company has established a hedge ratio of 1:1 for the hedging relationship. To measure the hedge effectiveness, the company uses the hypothetical derivative method and compares changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. The hedge ineffectiveness can arise from different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments.

Certain subsidiaries that the company controls, through a voting agreement, have entered into agreements appointing the partnership as their agent in entering into certain derivative transactions with external counterparties. Pursuant to each Agreement, the partnership was entitled to be reimbursed for any third party costs incurred in connection with these derivative transactions. Substantially all of the company's energy contract derivatives are entered into pursuant to these agreements. Upon the closing of the Energy Marketing Internalization on April 1, 2021, all power agency agreements were transferred by the partnership to the company. Refer to Note 28 - Related party transactions for more details.

For the year ended December 31, 2022, loss of $146 million relating to energy derivative contracts were realized and reclassified from OCI to the consolidated statements of income (loss) (2021: $32 million loss and 2020: $53 million gains).

Based on market prices as of December 31, 2022, unrealized losses of $37 million (2021: $72 million loss and 2020: $13 million gains) recorded in accumulated other comprehensive income ("AOCI") on energy derivative contracts are expected to be settled or reclassified into income in the next twelve months. The actual amount reclassified from AOCI, however, could vary due to future changes in market prices.

The following table summarizes the energy derivative contracts designated as hedging instruments:

Energy derivative contracts and IFRS 9 PPAs	December 31, 2022	December 31, 2021
Carrying amount (asset/(liability))	(118)	(83)
Notional amount – GWh	13,674	10,022
Weighted average hedged rate for the year ($/MWh)	58	35
Maturity dates	2023-2033	2022 - 2027
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments	(90)	(124)
Change in value of hedged item used to determine hedge effectiveness	64	117

There is $18 million of hedge ineffectiveness losses recognized in foreign exchange and financial instruments gain (loss) in the consolidated statements of income (loss) related to energy derivative contracts (cash flow hedges) for the year ended December 31, 2022 (2021: $7 million gains and 2020: $2 million gains).

(c) Interest rate hedges

The company has entered into interest rate hedge contracts primarily to minimize exposure to interest rate fluctuations on its variable rate debt or to lock in interest rates on future debt refinancing. All interest rate hedge contracts are recorded in the consolidated financial statements at fair value.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate hedges match the terms of the respective fixed rate loans (i.e., notional amount, maturity, payment and reset dates). The company established a hedge ratio of 1:1 for the hedging relationship. To measure the hedge effectiveness, the company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged items attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curves being applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk having an asymmetrical impact on the fair value movements of the hedging instrument and hedged item

At December 31, 2022, agreements with a total notional exposure of $2,569 million were outstanding (2021: $2,815 million) including $325 million (2021: $559 million) associated with agreements that are not formally designated as hedging instruments. The weighted-average fixed interest rate resulting from these agreements is 2.6% (2021: 1.3%).

For the year ended December 31, 2022, net movements relating to cash flow hedges realized and reclassified from OCI to interest expense in the consolidated statements of income (loss) were $2 million losses (2021: $11 million losses and 2020: $5 million losses).

Based on market prices as of December 31, 2022, unrealized losses of $41 million (2021: $32 million and 2020: $30 million) recorded in AOCI on interest rate swaps are expected to be settled or reclassified into income in the next twelve months. The actual amount reclassified from AOCI, however, could vary due to future changes in market rates.

The following table summarizes the interest rate hedges designated as hedging instruments:

Interest rate hedges	December 31, 2022	December 31, 2021
Carrying amount (asset/(liability))	208	(81)
Notional amount – $	640	391
Notional amount – COP[1]	157	141
Notional amount – C$[1]	132	152
Notional amount – €[1]	1,315	1,572
Maturity dates	2023-2048	2022 - 2039
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments	259	81
Change in value of hedged item used to determine hedge effectiveness	(260)	(84)

(1) Notional amounts of foreign currency denominated interest rate hedges are presented at the U.S. dollar equivalent value based on the December 31, 2022 foreign currency spot rate

The hedge ineffectiveness gains recognized within foreign exchange and financial instrument gain (loss) in the consolidated statements of income (loss) related to interest rate contracts (cash flow hedges) for the year ended December 31, 2022 was $1 million (2021: $(3) million and 2020: $2 million).

(d) Foreign exchange swaps

The company has entered into foreign exchange swaps to minimize its exposure to currency fluctuations impacting its investments and earnings in foreign operations, and to fix the exchange rate on certain anticipated transactions denominated in foreign currencies.

There is an economic relationship between the hedged item and the hedging instrument as the net investment or anticipated foreign currency transaction creates a translation risk that will match the respective hedging instrument. The company established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component.

Certain Brookfield subsidiaries that the company controls, through a voting agreement, have entered into Master Hedge Agreements appointing Brookfield as their agent in entering into certain derivative transactions with external counterparties to hedge against fluctuations in foreign exchange. Pursuant to each Agreement, Brookfield was entitled to be reimbursed for any third party costs incurred in connection with the these derivative transactions. Substantially all of the company's foreign exchange swaps are entered into pursuant to a Master Hedge Agreement.

At December 31, 2022, agreements with a total notional exposure of $2,536 million were outstanding (2021: $1,679 million) including $1,641 million (2021: $431 million) associated with agreements that are not formally designated as hedging instruments.

There are no unrealized gains or losses recorded in AOCI on foreign exchange swaps that are expected to be settled or reclassified into income in the next twelve months (2021: nil and 2020: nil). The actual amount reclassified from AOCI, however, could vary due to future changes in market rates.

The following table summarizes the foreign exchange swaps designated as hedging instruments:

Foreign exchange swaps	December 31, 2022	December 31, 2021
Carrying amount (asset/(liability))	(51)	27
Notional amount for hedges of the Colombian Peso[(1)]	302	676
Notional amount for hedges of the Euro[(1)]	514	497
Notional amount for hedges of the Brazilian real[(1)]	79	75
Maturity date	2023 - 2024	2022 - 2023
Hedge ratio	1:1	1:1
Weighted average hedged rate for the year:		
COP/$ foreign exchange forward contracts	5,038	3,925
€/$ foreign exchange forward contracts	1.00	0.87
BRL/$ foreign exchange forward contracts	5.69	5.73

(1) Notional amounts expressed in millions of U.S. dollars

7. SEGMENTED INFORMATION

The company's Chief Executive Officer and Chief Financial Officer (collectively, the chief operating decision maker or "CODM") review the results of the operations, manage the operations, and allocate resources based on the type of technology, in conjunction with other segments of Brookfield Renewable.

The operations of the company are segmented by – 1) hydroelectric, 2) wind, 3) utility-scale solar, 4) distributed energy & sustainable solutions and 5) corporate. This best reflects the way in which the CODM reviews the results of the company.

The reporting to the CODM was revised during the year to incorporate the distributed energy & sustainable solutions business of the company. The distributed energy & sustainable solutions business corresponds to a portfolio of multi-technology assets and investments that support the broader strategy of decarbonization of electricity grids around the world through distributed generation and offering of other sustainable services. The financial information of operating segments in the prior period has been restated to present the corresponding results of the distributed energy & sustainable solutions.

In accordance with IFRS 8, Operating Segments, the company discloses information about its reportable segments based upon the measures used by the CODM in assessing performance. The accounting policies of the reportable segments are the same as those described in Note 1 – Basis of preparation and significant accounting policies.

Reporting to the CODM on the measures utilized to assess performance and allocate resources is provided on a proportionate basis. Information on a proportionate basis reflects the company's share from facilities which it accounts for using consolidation and the equity method whereby the company either controls or exercises significant influence or joint control over the investment, respectively. Proportionate information provides shareholders perspective that the CODM considers important when performing internal analyses and making strategic and operating decisions. The CODM also believes that providing proportionate information helps investors understand the impacts of decisions made by management and financial results allocable to the company's shareholders.

Proportionate financial information is not, and is not intended to be, presented in accordance with IFRS. Tables reconciling IFRS data with data presented on a proportionate consolidation basis have been disclosed below. Segment revenues, other income, direct operating costs, interest expense, depreciation, current and deferred income taxes, and other are items that will differ from results presented in accordance with IFRS as these items include the company's proportionate share of earnings from equity-accounted investments attributable to each of the above-noted items, and exclude the proportionate share of earnings (loss) of consolidated investments not held by the company apportioned to each of the above-noted items.

The company does not control those entities that have not been consolidated and as such, have been presented as equity-accounted investments in its consolidated financial statements. The presentation of the assets and liabilities and revenues and expenses does not represent the company's legal claim to such items, and the removal of financial statement amounts that are attributable to non-controlling interests does not extinguish the company's legal claims or exposures to such items.

The company reports its results in accordance with these segments and presents prior period segmented information in a consistent manner.

The company analyzes the performance of its operating segments based on Funds From Operations. Funds From Operations is not a generally accepted accounting measure under IFRS and therefore may differ from definitions of Funds From Operations used by other entities, as well as the definition of funds from operations used by the Real Property Association of Canada ("REALPAC") and the National Association of Real Estate Investment Trusts, Inc. ("NAREIT").

The company uses Funds From Operations to assess the performance of the company before the effects of certain cash items (e.g., acquisition costs and other typical non-recurring cash items) and certain non-cash items (e.g., deferred income taxes, depreciation, non-cash portion of non-controlling interests, unrealized gain or loss on financial instruments, non-cash gain or loss from equity-accounted investments, and other non-cash items) as these are not reflective of the performance of the underlying business. The company includes realized disposition gains and losses on assets that we developed and/or did not intend to hold over the long-term within Funds From Operations in order to provide additional insight regarding the performance of investments on a cumulative realized basis, including any unrealized fair value adjustments that were recorded in equity and not otherwise reflected in current period net income.

The following table provides each segment's results in the format that management organizes its segments to make operating decisions and assess performance and reconciles the company's proportionate results to the consolidated statements of income (loss) on a line-by-line basis by aggregating the components comprising the earnings from the company's investments in associates and reflecting the portion of each line item attributable to non-controlling interests for the year ended December 31, 2022:

	Attributable to the partnership								
(MILLIONS)	Hydroelectric	Wind	Utility-scale solar	Distributed energy & sustainable solutions	Corporate	Total	Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials[1]
Revenues	$ 1,095	$ 176	$ 167	$ 146	$ —	$ 1,584	$ (55)	$ 2,249	$ 3,778
Other income	44	10	37	8	—	99	1	(7)	93
Direct operating costs	(426)	(54)	(39)	(70)	(5)	(594)	30	(610)	(1,174)
Share of revenue, other income and direct operating costs from equity-accounted investments	—	—	—	—	—	—	24	—	24
	713	132	165	84	(5)	1,089	—	1,632	
Management service costs	—	—	—	—	(163)	(163)	—	(6)	(169)
Interest expense[1]	(175)	(29)	(50)	(20)	(3)	(277)	4	(539)	(812)
Current income taxes	(34)	(2)	(1)	—	—	(37)	—	(96)	(133)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	(4)	—	(4)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	(991)	(991)
Funds From Operations	504	101	114	64	(171)	612	—	—	
Depreciation						(515)	12	(676)	(1,179)
Foreign exchange and financial instrument gain (loss)						(166)	—	97	(69)
Deferred income tax recovery (expense)						79	—	(64)	15
Other						(85)	2	(3)	(86)
Dividends on BEPC exchangeable shares[1]						(221)	—	1	(220)
Remeasurement of BEPC exchangeable and BEPC class B shares						1,799	—	1	1,800
Share of loss from equity-accounted investments						—	(14)	—	(14)
Net income attributable to non-controlling interests						—	—	644	644
Net income attributable to the partnership						$ 1,503	$ —	$ —	$ 1,503

(1) Share of earnings from equity-accounted investments of $6 million is comprised of amounts found on the Share of revenue, other income and direct operating costs, Share of interest and cash taxes and Share of earnings lines. Net income attributable to participating non-controlling interests of $347 million is comprised of amounts found on Share of Funds From Operations attributable to non-controlling interests and Net Income attributable to non-controlling interests. Total interest expense of $1,032 million is comprised of amounts on Interest expense and Dividends on BEPC exchangeable shares.

The following table provides each segment's results in the format that management organizes its segments to make operating decisions and assess performance and reconciles the company's proportionate results to the consolidated statements of income (loss) on a line-by-line basis by aggregating the components comprising the earnings from the company's investments in associates and reflecting the portion of each line item attributable to non-controlling interests for the year ended December 31, 2021:

	Attributable to the partnership								
(MILLIONS)	Hydroelectric	Wind	Utility-scale solar	Distributed energy & sustainable solutions	Corporate	Total	Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials[1]
Revenues	$ 992	$ 199	$ 166	$ 126	$ —	$ 1,483	$ (40)	$ 1,924	$ 3,367
Other income	55	26	15	2	3	101	(1)	(40)	60
Direct operating costs	(424)	(59)	(42)	(50)	(3)	(578)	19	(626)	(1,185)
Share of revenue, other income and direct operating costs from equity-accounted investments	—	—	—	—	—	—	22	—	22
	623	166	139	78	—	1,006	—	1,258	
Management service costs	—	—	—	—	(175)	(175)	—	—	(175)
Interest expense[1]	(140)	(35)	(53)	(20)	(16)	(264)	6	(433)	(691)
Current income taxes	(11)	(2)	(1)	1	—	(13)	—	(18)	(31)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	(6)	—	(6)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	(807)	(807)
Funds From Operations	472	129	85	59	(191)	554	—	—	
Depreciation						(474)	12	(653)	(1,115)
Foreign exchange and financial instrument gain (loss)						(66)	2	37	(27)
Deferred income tax recovery (expense)						29	—	(85)	(56)
Other						(155)	—	(122)	(277)
Dividends on BEPC exchangeable shares[1]						(209)	—	—	(209)
Remeasurement of BEPC exchangeable and BEPC class B shares						1,267	—	—	1,267
Share of earnings from equity-accounted investments						—	(14)	—	(14)
Net income attributable to non-controlling interests						—	—	823	823
Net income (loss) attributable to the partnership						$ 946	$ —	$ —	$ 946

(1) Share of earnings from equity-accounted investments of $2 million is comprised of amounts found on the Share of revenue, other income and direct operating costs, Share of interest and cash taxes and Share of earnings lines. Net loss attributable to participating non-controlling interests of $16 million is comprised of amounts found on Share of Funds From Operations attributable to non-controlling interests and Net Income attributable to non-controlling interests. Total interest expense of $900 million is comprised of amounts on Interest expense and Dividends on BEPC exchangeable shares.

The following table provides each segment's results in the format that management organizes its segments to make operating decisions and assess performance and reconciles the company's proportionate results to the consolidated statements of income (loss) on a line-by-line basis by aggregating the components comprising the earnings from the company's investments in associates and reflecting the portion of each line item attributable to non-controlling interests for the year ended December 31, 2020:

	Attributable to the partnership								
(MILLIONS)	Hydroelectric	Wind	Utility-scale solar	Distributed energy & sustainable solutions	Corporate	Total	Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials[1]
Revenues	$ 856	$ 130	$ 71	$ 81	$ —	$ 1,138	$ (40)	$ 1,989	$ 3,087
Other income	52	2	3	—	—	57	(1)	43	99
Direct operating costs	(340)	(47)	(17)	(40)	—	(444)	20	(637)	(1,061)
Share of revenue, other income and direct operating costs from equity-accounted investments	—	—	—	—	—	—	21	—	21
	568	85	57	41	—	751	—	1,395	
Management service costs	—	—	—	—	(126)	(126)	—	(26)	(152)
Interest expense	(135)	(34)	(24)	(11)	—	(204)	9	(505)	(700)
Current income taxes	(16)	(3)	—	—	—	(19)	—	(42)	(61)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	(9)	—	(9)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	(822)	(822)
Funds From Operations	417	48	33	30	(126)	402	—	—	
Depreciation						(361)	11	(715)	(1,065)
Foreign exchange and financial instrument gain (loss)						11	4	59	74
Deferred income tax recovery						76	—	58	134
Other						(189)	1	(305)	(493)
Dividends on class A exchangeable shares[1]						(116)			(116)
Remeasurement of exchangeable and class B shares						(2,561)			(2,561)
Share of loss from equity-accounted investments						—	(16)	—	(16)
Net income attributable to non-controlling interests						—	—	903	903
Net loss attributable to the partnership						$ (2,738)	$ —	$ —	$ (2,738)

(1) Share of loss from equity-accounted investments of $4 million is comprised of amounts found on the Share of revenue, other income and direct operating costs, Share of interest and cash taxes and Share of earnings lines. Net loss attributable to participating non-controlling interests of $81 million is comprised of amounts found on Share of Funds From Operations attributable to non-controlling interests and Net Income attributable to non-controlling interests.

The following table presents information on a segmented basis about certain items in the company's consolidated statements of financial position and reconciles our proportionate balances to the consolidated statements of financial position basis by aggregating the components comprising the company's investments in associates and reflecting the portion of each line item attributable to non-controlling interests:

	Attributable to the partnership								
(MILLIONS)	Hydroelectric	Wind	Utility-scale solar	Distributed energy & sustainable solutions	Corporate	Total	Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials
As at December 31, 2022									
Cash and cash equivalents	**$ 70**	**$ 49**	**$ 60**	**$ 18**	**$ —**	**$ 197**	**$ (7)**	**$ 452**	**$ 642**
Property, plant and equipment, at fair value	**13,709**	**1,400**	**1,310**	**1,084**	**—**	**17,503**	**(557)**	**20,882**	**37,828**
Total assets	**15,604**	**1,595**	**1,447**	**1,138**	**307**	**20,091**	**(171)**	**23,368**	**43,288**
Total borrowings	**2,894**	**613**	**1,025**	**371**	**—**	**4,903**	**(161)**	**8,973**	**13,715**
Other liabilities	**4,363**	**342**	**138**	**38**	**4,436**	**9,317**	**(10)**	**3,442**	**12,749**
For the year ended December 31, 2022									
Additions to property, plant and equipment	**113**	**67**	**104**	**15**	**—**	**299**	**(38)**	**459**	**720**
As at December 31, 2021									
Cash and cash equivalents	$ 65	$ 36	$ 60	$ 14	$ 4	$ 179	$ (2)	$ 348	$ 525
Property, plant and equipment, at fair value	13,577	1,478	1,585	1,232	—	17,872	(604)	20,647	37,915
Total assets	15,108	1,700	1,731	1,279	17	19,835	(176)	22,327	41,986
Total borrowings	2,720	765	1,377	461	—	5,323	(161)	8,350	13,512
Other liabilities	4,051	379	119	66	6,231	10,846	(15)	3,418	14,249
For the year ended December 31, 2021									
Additions to property, plant and equipment[(1)]	266	68	116	1	—	451	(8)	893	1,336

(1) The company exercised the option to buyout the lease on its 192 MW hydroelectric facility in Louisiana and recognized a $247 million adjustment ($185 million net to the company) to its corresponding right-of-use asset.

Geographical Information

The following table presents consolidated revenue split by technology for the year ended December 31:

(MILLIONS)	2022	2021	2020
Hydroelectric	**$ 2,307**	$ 1,969	$ 1,778
Wind	**647**	646	581
Utility-scale solar	**567**	507	476
Distributed energy & sustainable solutions	**257**	245	252
	$ 3,778	$ 3,367	$ 3,087

The following table presents consolidated property, plant and equipment and equity-accounted investments split by geographical region:

(MILLIONS)	December 31, 2022	December 31, 2021
North America	**$ 22,478**	$ 22,634
Colombia	**8,264**	8,497
Brazil	**4,162**	3,299
Europe	**3,375**	3,940
	$ 38,279	$ 38,370

8. DIRECT OPERATING COSTS

The company's direct operating costs for the year ended December 31 are comprised of the following:

(MILLIONS)	Notes	2022	2021	2020
Fuel and power purchases(1)(2)		**$ (396)**	$ (450)	$ (338)
Operations and maintenance		**(246)**	(218)	(198)
Salaries and benefits		**(224)**	(206)	(198)
Water royalties, property taxes and other regulatory fees		**(159)**	(163)	(176)
Insurance		**(56)**	(56)	(51)
Professional fees		**(24)**	(26)	(36)
Energy marketing & other related party services	28	**(7)**	(11)	(17)
Other		**(62)**	(55)	(47)
		$ (1,174)	$ (1,185)	$ (1,061)

(1) Fuel and power purchases are primarily attributable to our portfolio in Colombia.

(2) Includes $80 million in 2021 relating to the Texas winter storm event which reflect the cost of acquiring energy to cover our contractual obligations for our wind assets that were not generating during the period due to freezing conditions, net of hedging initiatives.

Direct operating costs exclude depreciation expense of $1,179 million (2021: $1,115 million and 2020: $1,065 million).

9. OTHER

The company's other for the year ended December 31 is comprised of the following:

(MILLIONS)	Notes	2022	2021	2020
Change in fair value of property, plant and equipment		**$ (5)**	$ (73)	$ (43)
Amortization of service concession assets		**(10)**	(15)	(8)
Share-settlement liability		**—**	(65)	(158)
Legal provisions	27	**—**	(55)	(231)
Cash flow hedge associated with the disposal of assets	4	**—**	(6)	—
Transaction costs		**—**	—	(12)
Other		**(71)**	(63)	(41)
		$ (86)	$ (277)	$ (493)

10. FOREIGN CURRENCY TRANSLATION

The company's foreign currency translation for the year ended December 31 shown in the consolidated statements of comprehensive income (loss) is comprised of the following:

(MILLIONS)	Notes	2022	2021	2020
Foreign currency translation on:				
Property, plant and equipment, at fair value	12	**$ (1,490)**	$ (1,527)	$ (624)
Goodwill	17	**(126)**	(121)	(20)
Borrowings	14	**545**	479	(87)
Deferred income tax liabilities and assets	11	**454**	329	60
Other assets and liabilities		**59**	11	(19)
		$ (558)	$ (829)	$ (690)

11. INCOME TAXES

The major components of income tax recovery (expense) for the year ended December 31 are as follows:

(MILLIONS)	2022	2021	2020
Income tax recovery (expense) applicable to:			
Current taxes			
Attributed to the current period	**$ (133)**	$ (31)	$ (61)
Deferred taxes			
Origination and reversal of temporary differences	**(10)**	80	104
Relating to change in tax rates / imposition of new tax laws	**10**	(142)	(7)
Relating to unrecognized temporary differences and tax losses	**15**	6	37
	15	(56)	134
Total income tax recovery (expense)	**$ (118)**	$ (87)	$ 73

The major components of deferred income tax (expense) recovery for the year ended December 31 recorded directly to other comprehensive income are as follows:

(MILLIONS)	**2022**	2021	2020
Deferred income taxes attributed to:			
Financial instruments designated as cash flow hedges	**$ (60)**	$ 7	$ 13
Other	**(14)**	(7)	(3)
Revaluation surplus			
Origination and reversal of temporary differences	**(679)**	(882)	(828)
Relating to changes in tax rates / imposition of new tax laws	**34**	(162)	—
	$ (719)	$ (1,044)	$ (818)

The company's effective income tax recovery (expense) for the year ended December 31 is different from its recovery at its statutory income tax rate due to the differences below:

(MILLIONS)	**2022**	2021	2020
Statutory income tax (expense) recovery[1]	**$ (575)**	$ (287)	$ 809
Reduction (increase) resulting from:			
Decrease (increase) in tax assets not recognized	**(8)**	(9)	37
Differences between statutory rate and future tax rate and tax rate changes	**10**	(142)	(7)
Subsidiaries' income taxed at different rates	**29**	81	10
Non-deductible expenses	**426**	271	(763)
Other	**—**	(1)	(13)
Effective income tax recovery (expense)	**$ (118)**	$ (87)	$ 73

(1) Statutory income tax expense is calculated using domestic rates applicable to the profits in the relevant country.

The above reconciliation has been prepared by aggregating the information for all of the company's subsidiaries using the domestic rate in each tax jurisdiction.

The company's effective income tax rate was 6.0% for the year ended December 31, 2022 (2021: 8.6% and 2020: 2.5%). The effective tax rate is different than the statutory rate primarily due to rate differentials, legislative changes in tax rates during the year, changes in tax assets not recognized, non-deductible expenses, and non-controlling interests' income not subject to tax.

The following table details the expiry date, if applicable, of the unrecognized deferred tax assets as at December 31:

(MILLIONS)	**2022**	2021	2020
Less than four years	**$ —**	$ —	$ —
Thereafter	**122**	126	139

The deferred tax assets and liabilities of the following temporary differences have been recognized in the consolidated financial statements for the year ended December 31:

(MILLIONS)	Non-capital losses	Difference between tax and carrying value	Net deferred tax (liabilities) assets
As at January 1, 2020	$ 638	$ (4,224)	$ (3,586)
Recognized in net income (loss)	255	(121)	134
Recognized in equity	(52)	(766)	(818)
Business combination	30	20	50
Foreign exchange	(2)	62	60
As at December 31, 2020	869	(5,029)	(4,160)
Recognized in net income (loss)	5	(61)	(56)
Recognized in equity	—	(1,046)	(1,046)
Business combination	—	(1)	(1)
Foreign exchange	5	324	329
As at December 31, 2021	879	(5,813)	(4,934)
Recognized in net income (loss)	16	(1)	15
Recognized in equity	—	(728)	(728)
Business combination	—	—	—
Foreign exchange	2	452	454
As at December 31, 2022	$ 897	$ (6,090)	$ (5,193)

The deferred income tax liabilities include $5,178 million (2021: $4,556 million and 2020: $3,516 million) of liabilities which relate to property, plant and equipment revaluations included in equity.

The unrecognized taxable temporary difference attributable to the company’s interest in its subsidiaries, branches, associates, and joint ventures is $4,952 million (2021: $4,021 million and 2020: $2,633 million).

12. PROPERTY, PLANT AND EQUIPMENT, AT FAIR VALUE

The following table presents a reconciliation of property, plant and equipment at fair value:

(MILLIONS)	Notes	Hydroelectric	Wind	Solar	Other[1]	Total[2]
Property, plant and equipment, at fair value						
As at December 31, 2020		$ 22,663	$ 6,220	$ 6,614	$ 148	$ 35,645
Additions		573	—	73	9	655
Transfer from construction work-in-progress		94	164	210	1	469
Acquisitions through business combinations	3	—	—	—	—	—
Disposals[2]	3	—	(757)	—	—	(757)
Items recognized through OCI:						
Change in fair value		3,795	(153)	90	73	3,805
Foreign exchange	10	(1,176)	(96)	(218)	(9)	(1,499)
Items recognized through net income:						
Change in fair value		(16)	(26)	1	(23)	(64)
Depreciation		(437)	(354)	(313)	(11)	(1,115)
As at December 31, 2021		25,496	4,998	6,457	188	37,139
Additions, net[3]		**9**	**(137)**	**(78)**	**(7)**	**(213)**
Transfer from construction work-in-progress		**161**	**86**	**744**	**7**	**998**
Transfer to assets held for sale		**(677)**	**—**	**—**	**—**	**(677)**
Disposals[2]	4	**(97)**	**—**	**—**	**—**	**(97)**
Items recognized through OCI:						
Change in fair value		**2,017**	**292**	**(132)**	**77**	**2,254**
Foreign exchange	10	**(1,267)**	**(73)**	**(160)**	**6**	**(1,494)**
Items recognized through net income:						
Change in fair value		**(2)**	**16**	**(7)**	**(2)**	**5**
Depreciation		**(501)**	**(307)**	**(343)**	**(28)**	**(1,179)**
As at December 31, 2022		**$ 25,139**	**$ 4,875**	**$ 6,481**	**$ 241**	**$ 36,736**
Construction work-in-progress, at fair value						
As at December 31, 2020		$ 183	$ 96	$ 172	$ 1	$ 452
Additions		145	174	356	6	681
Transfer to property, plant and equipment		(94)	(164)	(210)	(1)	(469)
Acquisitions through business combinations	3	—	—	—	—	—
Disposals	3	—	(4)	—	—	(4)
Items recognized through OCI:						
Change in fair value		—	17	127	—	144
Foreign exchange	10	(10)	(5)	(12)	(1)	(28)
As at December 31, 2021		224	114	433	5	776
Additions		**150**	**237**	**592**	**5**	**984**
Transfer to property, plant and equipment		**(161)**	**(86)**	**(744)**	**(7)**	**(998)**
Transfer to assets held for sale		**(8)**	**—**	**—**	**—**	**(8)**
Acquisitions through business combinations	4	**—**	**—**	**—**	**—**	**—**
Items recognized through OCI:						
Change in fair value		**—**	**250**	**84**	**—**	**334**
Foreign exchange	10	**7**	**(18)**	**15**	**—**	**4**
As at December 31, 2022		**$ 212**	**$ 497**	**$ 380**	**$ 3**	**$ 1,092**
Total property, plant and equipment, at fair value						
As at December 31, 2021[4]		$ 25,720	$ 5,112	$ 6,890	$ 193	$ 37,915
As at December 31, 2022[4]		**$ 25,351**	**$ 5,372**	**$ 6,861**	**$ 244**	**$ 37,828**

(1) Includes biomass and cogeneration
(2) Includes disposal of significant assets only
(3) Includes fair value changes to decommissioning assets of $178 million
(4) Includes right-of-use assets not subject to revaluation of $48 million (2021: $52 million) in hydroelectric, $127 million (2021: $130 million) in wind, $151 million (2021: $157 million) in utility-scale solar and nil (2021: $2 million) in other.

During the year, Brookfield Renewable, together with its institutional partners, completed the acquisitions of the following investments. They are accounted for as an asset acquisitions as they do not constitute business combination under IFRS 3:

- A 248 MW development wind portfolio in Brazil, with $11 million of property, plant and equipment included in the consolidated statements of financial position at the acquisition date. The company holds a 25% economic interest.
- An operating utility-scale solar asset in Colombia for a total capacity of 40 MW, with $37 million of property, plant and equipment included in the consolidated statements of financial position at the acquisition date. The company holds a 22% economic interest.

The fair value of the company's property, plant and equipment is calculated as described in Notes 1(g) – Property, plant and equipment and revaluation method and 1(r)(i) – Critical estimates – Property, plant and equipment. Judgment is involved in determining the appropriate estimates and assumptions in the valuation of the company's property, plant and equipment. See Note 1(s)(iii) – Critical judgments in applying accounting policies – Property, plant and equipment. The company has classified its property, plant and equipment under level 3 of the fair value hierarchy.

Discount rates, terminal capitalization rates and terminal years used in the valuation methodology are provided in the following table:

	North America		Colombia		Brazil		Europe	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Discount rate[1]								
Contracted	**4.8% - 5.4%**	3.8% - 4.3%	**8.5 %**	7.9 %	**8.2 %**	7.2 %	**4.4 %**	3.9 %
Uncontracted	**5.8% - 6.7%**	4.8% - 5.6%	**9.7 %**	9.2 %	**9.5 %**	8.5 %	**4.4 %**	3.9 %
Terminal capitalization rate[2]	**4.9 %**	5.1 %	**7.7 %**	8.0 %	**N/A**	N/A	**N/A**	N/A
Terminal year[3]	**2044**	2042	**2042**	2041	**2052**	2050	**2036**	2036

(1) Discount rates are not adjusted for asset specific risks.
(2) The terminal capitalization rate applies only to hydroelectric assets in the United States and Colombia.
(3) For hydroelectric assets, terminal year refers to the valuation date of the terminal value.

The following table summarizes the impact of a change in discount rates, electricity prices and terminal capitalization rates on the fair value of property, plant and equipment:

	2022				
(MILLIONS)	**North America**	**Colombia**	**Brazil**	**Europe**	**Total**
25 bps increase in discount rates	**$ (1,110)**	**$ (310)**	**$ (100)**	**$ (50)**	**$ (1,570)**
25 bps decrease in discount rates	**1,170**	**260**	**110**	**50**	**1,590**
5% increase in future energy prices	**1,010**	**440**	**110**	**—**	**1,560**
5% decrease in future energy prices	**(1,000)**	**(440)**	**(110)**	**—**	**(1,550)**
25 bps increase in terminal capitalization rate	**(360)**	**(70)**	**—**	**—**	**(430)**
25 bps decrease in terminal capitalization rate	**390**	**80**	**—**	**—**	**470**

	2021				
(MILLIONS)	North America	Colombia	Brazil	Europe	Total
25 bps increase in discount rates	$ (1,050)	$ (240)	$ (90)	$ (60)	$ (1,440)
25 bps decrease in discount rates	1,160	330	90	60	1,640
5% increase in future energy prices	900	410	70	—	1,380
5% decrease in future energy prices	(900)	(410)	(70)	—	(1,380)
25 bps increase in terminal capitalization rate	(280)	(70)	—	—	(350)
25 bps decrease in terminal capitalization rate	310	70	—	—	380

Terminal values are included in the valuation of hydroelectric assets in the United States and Colombia. For the hydroelectric assets in Brazil, cash flows have been included based on the duration of the authorization or useful life of a concession asset plus a one-time 30-year renewal term for the majority of the hydroelectric assets. The weighted-average remaining duration of the authorization or useful life of a concession asset at December 31, 2022, including a one-time 30-year renewal for applicable hydroelectric assets, is 35 years (2021: 31 years). Consequently, there is no terminal value attributed to the hydroelectric assets in Brazil at the end of the authorization term.

The following table summarizes the percentage of total generation contracted under power purchase agreements as at December 31, 2022:

	North America	Colombia	Brazil	Europe
1 - 5 years	71 %	52 %	82 %	100 %
6 - 10 years	60 %	12 %	62 %	81 %
11 - 20 years	27 %	2 %	47 %	65 %

The following table summarizes average power prices from long-term power purchase agreements that are linked specifically to the related power generating assets:

Per MWh[1]	North America	Colombia	Brazil	Europe
1 - 10 years	$ 92	COP 293,000	R$ 320	€ 72
11 - 20 years	95	352,000	385	66

(1) Assumes nominal prices based on weighted-average generation.

The following table summarizes the estimates of future electricity prices:

Per MWh[1]	North America	Colombia	Brazil	Europe
1 - 10 years	$ 99	COP 376,000	R$ 290	€ 62
11 - 20 years	126	554,000	390	74

(1) Assumes nominal prices based on weighted-average generation.

The company's long-term view is anchored to the cost of securing new energy from renewable sources to meet future demand growth between 2026 and 2035. A further one year change would increase or decrease the fair value of property, plant and equipment by approximately $132 million (2021: $158 million).

Had the company's revalued property, plant and equipment been measured on a historical cost basis, the carrying amounts, net of accumulated depreciation would have been as follows at December 31:

(MILLIONS)	**2022**	2021
Hydroelectric	**$ 8,478**	$ 9,758
Wind	**3,980**	4,225
Solar	**5,514**	5,396
Other[1]	**147**	155
	$ 18,119	$ 19,534

(1) Includes biomass and cogeneration.

13. INTANGIBLE ASSETS

The following table provides a reconciliation of intangible assets:

(MILLIONS)	Total
Balance, as at December 31, 2020	$ 233
Amortization[1]	(15)
Balance, as at December 31, 2021	218
Foreign exchange	6
Amortization[1]	(16)
Balance, as at December 31, 2022	$ 208

(1) Included in Other within the consolidated statements of income (loss).

Intangible assets relate to certain of our power generating facilities that operate under service concession arrangements in South America. We primarily benefit from a government promoted concession agreement and a long-term PPA with UTE - Administracion Nacional de Usinas y Transmisiones Electricas, the Republic of Uruguay's state-owned electricity company. Under this PPA, we are required to deliver power at a fixed rate for the contract period, in all cases inflation adjusted.

The company's service concession assets operate as authorizations that expire between 2035 and 2045. The remaining intangible assets are amortized straight-line over 17 to 20 years.

Under these arrangements, the company recognized $36 million of revenue for the year ended December 31, 2022 (2021: $33 million and 2020: $35 million).

14. BORROWINGS

Non-recourse borrowings

Non-recourse borrowings are typically asset-specific, long-term, and non-recourse borrowings denominated in the domestic currency of the subsidiary. Non-recourse borrowings in the United States and Europe consist of both fixed and floating interest rate debt indexed to the Secured Overnight Financing Rate ("SOFR"), the Sterling Overnight Index Average ("SONIA"), the London Interbank Offered Rate ("LIBOR") and the Euro Interbank Offered Rate ("EURIBOR"). The company uses interest rate swap agreements in the United States and Colombia to minimize its exposure to floating interest rates. Non-recourse borrowings in Brazil consist of floating interest rates of Taxa de Juros de Longo Prazo ("TJLP"), the Brazil National Bank for Economic Development's long-term interest rate, or Interbank Deposit Certificate rate ("CDI"), plus a margin. Non-recourse borrowings in Colombia include floating interest rates of Indicador Bancario de Referencia rate ("IBR"), the Banco Central de Colombia short-term interest rate, or Colombian Consumer Price Index ("IPC"), the Banco Central de Colombia inflation rate, plus a margin.

Effective January 1, 2022, SONIA replaced £ LIBOR, and Euro Short-term Rate ("€STR") replaced € LIBOR. It is also currently expected that SOFR will replace US$ LIBOR prior to June 30, 2023 and the Canadian Overnight Repo Rate Average ("CORRA") is expected to replace CDOR after June 28, 2024.

As at December 31, 2022, the company's floating rate borrowings have not been materially impacted by SONIA and €STR reforms. The company has a transition plan for the replacement of US$ LIBOR with the Secured Overnight Financing Rate ("SOFR") benchmark on June 30, 2023. This plan involves certain amendments to the contractual terms of US$ LIBOR referenced floating rate borrowings, interest rate swaps, interest rate caps and updates to hedge designations. These are not expected to have a material impact.

The composition of non-recourse borrowings as at December 31 is presented in the following table:

(MILLIONS EXCEPT AS NOTED)	**December 31, 2022**				December 31, 2021			
	Weighted-average				Weighted-average			
	Weighted-average interest rate (%)	**Term (years)[3]**	**Carrying value**	**Estimated fair value**	Weighted-average interest rate (%)	Term (years)	Carrying value	Estimated fair value
Non-recourse borrowings[1]								
Hydroelectric [2]	**8.2**	**7**	**$ 6,612**	**$ 5,945**	5.1	7	$ 6,160	$ 6,543
Wind	**5.2**	**8**	**2,331**	**2,230**	3.7	9	2,416	2,577
Utility-scale solar	**5.5**	**13**	**4,041**	**3,926**	4.1	13	4,110	4,365
Distributed energy & sustainable solutions	**3.0**	**11**	**796**	**746**	3.9	12	860	912
Total	**6.6**	**9**	**$ 13,780**	**$ 12,847**	4.5	9	13,546	$ 14,397
Add: Unamortized premiums and discounts[4]			**17**				57	
Less: Unamortized financing fees[4]			**(82)**				(91)	
Less: Current portion			**(1,299)**				(1,452)	
			$ 12,416				$ 12,060	

(1) Includes $1 million (2021: $8 million) borrowed under a subscription facility of a Brookfield sponsored private fund.
(2) Includes $15 million (2021: nil) outstanding to an associate of Brookfield. Refer to Note 28 - Related party transactions for more details.
(3) Excluding non-permanent financings, total weighted-average term is 9 years.
(4) Unamortized premiums and unamortized financing fees are amortized over the terms of the borrowing.

Future repayments of the company's non-recourse borrowings for each of the next five years and thereafter are as follows:

(MILLIONS)	2023	2024	2025	2026	2027	Thereafter	Total
Non-recourse borrowings							
Hydroelectric	$ 734	$ 671	$ 509	$ 778	$ 477	$ 3,443	$ 6,612
Wind	197	243	149	153	143	1,446	2,331
Utility-scale solar	302	203	209	221	213	2,893	4,041
Distributed energy & sustainable solutions	66	43	39	38	33	577	796
	$ 1,299	$ 1,160	$ 906	$ 1,190	$ 866	$ 8,359	$ 13,780

The following table outlines the change in the unamortized financing fees of non-recourse borrowings for the year ended December 31:

(MILLIONS)	**2022**	2021
Non-recourse borrowings		
Unamortized financing fees and discounts, beginning of year	**$ (91)**	$ (93)
Additional financing fees and discounts	**(19)**	(14)
Amortization of financing and discounts fees	**14**	13
Foreign exchange translation and other	**14**	3
Unamortized financing fees and discounts, end of year	**$ (82)**	$ (91)

The following table outlines the financing and refinancing completed for the year ended December 31, 2022:

Period Closed	Region	Technology	Average Interest rate[1]		Maturity	Carrying Value
Q1 2022	Colombia	Hydroelectric	8.66%	Financing	2032	COP 200 billion ($53 million)
Q1 2022	Colombia	Hydroelectric	IPC	Financing	2029-2037	COP 356 billion ($95 million)
Q1 2022	Colombia	Hydroelectric	IBR	Financing	2032	COP 200 billion ($53 million)
Q1 2022	Brazil	Utility-scale solar	IPCA	Financing	2045	BRL 150 million ($29 million)
Q1 2022	U.S.	Hydroelectric	3.62%	Refinancing	2032	$170 million
Q1 2022	U.S.	Hydroelectric	SOFR	Refinancing	2026	$35 million
Q2 2022	Brazil	Utility-scale solar	IPCA	Financing	2045	BRL 300 million ($63 million)
Q2 2022	Brazil	Wind	CDI	Financing	2024	BRL 500 million ($96 million)
Q2 2022	Europe	Utility-scale solar	3.36%	Refinancing	2039	€66 million ($70 million)
Q2 2022	Colombia	Hydroelectric	IBR	Financing	2032	COP 400 billion ($97 million)
Q2 2022	Colombia	Hydroelectric	IBR	Financing	2030	COP 100 billion ($24 million)
Q2 2022	Colombia	Hydroelectric	IBR	Financing	2030	COP 50 billion ($12 million)
Q2 2022	Colombia	Hydroelectric	IBR	Financing	2034	COP 100 billion ($24 million)
Q2 2022	Colombia	Hydroelectric	IBR	Financing	2027	COP 219 billion ($53 million)
Q2 2022	Colombia	Hydroelectric	IBR	Financing	2029	COP 594 billion ($144 million)
Q2 2022	Colombia	Hydroelectric	IBR	Refinancing	2030	COP 237 billion ($57 million)
Q3 2022	Colombia	Hydroelectric	IBR	Financing	2030	COP 315 billion ($71 million)
Q3 2022	U.S.	Distributed generation	6.50%	Financing	2032	$14 million
Q3 2022	U.S.	Hydroelectric	SOFR	Refinancing	2024	$12 million
Q4 2022	Colombia	Hydroelectric	IBR	Financing	2032	COP 252 billion ($53 million)
Q4 2022	Chile	Various	SOFR	Financing	2034	$200 million
Q4 2022	Brazil	Utility-scale solar	IPCA	Financing	2046	BRL 450 million ($87 million)

In the first quarter of 2022, the Company increased its revolving credit facility associated with the distributed generation portfolio in the United States by $50 million to a total of $150 million and agreed to amend its maturity to March 2025.

In the second quarter of 2022, the Company increased its revolving credit facility capacity associated with the United States business by $250 million to a total of $750 million.

In the fourth quarter of 2022, the Company extended the maturity of its COP 3 trillion facility associated with the Colombia hydroelectric assets to 2047.

[1] Benchmarked financings bear a variable interest at the applicable rate plus a margin.

In the fourth quarter of 2022, Brookfield Renewable extended the maturity of its BRL 350 million ($68 million) facility associated with a portfolio of Brazilian solar assets to 2047.

Supplemental Information

The following table outlines changes in the company's borrowings for the year ended December 31:

(MILLIONS)		January 1	Net cash flows from financing activities[1]	Non-cash: Transfer to Held for sale	Non-cash: Disposal	Non-cash: Other[2]		December 31
2022								
Non-recourse borrowings	**$**	**13,512**	**926**	**(171)**	**—**	**(552)**	**$**	**13,715**
2021								
Non-recourse borrowings	$	12,822	1,462	—	(362)	(410)	$	13,512

(1) Excludes $(20) million (2021: $51 million) of net cash flow from financing activities related to tax equity recorded on the consolidated statements of cash flows.

(2) Includes foreign exchange and amortization of unamortized premium and financing fees.

15. NON-CONTROLLING INTERESTS

The company's non-controlling interests are comprised of the following as at December 31:

(MILLIONS)		2022		2021
Participating non-controlling interests – in operating subsidiaries	**$**	**10,680**	$	10,297
Participating non-controlling interests – in a holding subsidiary held by the partnership		**271**		261
	$	**10,951**	$	10,558

Participating non-controlling interests – in operating subsidiaries

The net change in participating non-controlling interests – in operating subsidiaries is as follows:

(MILLIONS)	Brookfield Americas Infrastructure Fund	Brookfield Infrastructure Fund II	Brookfield Infrastructure Fund III	Brookfield Infrastructure Fund IV	Brookfield Global Infrastructure Income Fund	Isagen institutional partners	Isagen public non-controlling interests	The Catalyst Group	TerraForm Power	Other	Total
As at December 31, 2019	$ 922	$ 1,756	$ 2,834	$ —	$ —	$ 2,375	$ 13	$ 89	$ 2,129	$ 140	$ 10,258
Net income (loss)	(13)	(17)	(64)	1	—	130	—	16	(142)	(3)	(92)
Other comprehensive income	100	189	528	2	—	325	2	27	176	33	1,382
Capital contributions	—	4	—	71	—	—	—	—	—	261	336
Return of Capital	—	—	(41)	—	—	—	—	—	(41)	—	(82)
Dividends declared and return of capital	(8)	(29)	(139)	—	—	(180)	—	(35)	(86)	(36)	(513)
Special distribution/TerraForm Power acquisition	—	—	—	—	—	—	—	—	(1,026)	—	(1,026)
Other	1	(1)	(36)	—	—	—	(1)	—	(49)	113	27
As at December 31, 2020	1,002	1,902	3,082	74	—	2,650	14	97	961	508	10,290
Net income (loss)	5	(32)	(20)	(3)	—	113	1	16	(67)	(36)	(23)
Other comprehensive income	(122)	411	187	137	—	(107)	—	28	(6)	73	601
Capital contributions	—	1	—	64	—	—	—	—	—	—	65
Disposals	(181)	—	—	—	—	—	—	—	—	—	(181)
Dividends declared	(18)	(31)	(220)	(11)	—	(214)	(2)	(9)	(105)	(45)	(655)
Other	—	—	157	—	—	—	—	—	70	(27)	200
As at December 31, 2021	686	2,251	3,186	261	—	2,442	13	132	853	473	10,297
Net income (loss)	19	(34)	110	1	—	179	1	11	32	17	336
Other comprehensive income	(103)	448	156	164	10	67	1	(19)	67	(9)	782
Capital contributions	—	4	—	276	200	—	—	—	—	89	569
Disposals	(54)	—	—	—	—	—	—	—	—	—	(54)
Dividends declared	(71)	(55)	(393)	—	(7)	(524)	(1)	(9)	(123)	(85)	(1,268)
Other	—	1	2	5	30	(5)	(1)	—	3	(17)	18
As at December 31, 2022	$ 477	$ 2,615	$ 3,061	$ 707	$ 233	$ 2,159	$ 13	$ 115	$ 832	$ 468	$ 10,680
Interests held by third parties	75% - 78%	43% - 60%	23% - 71%	75 %	1.5% - 6.8%	53 %	0.3 %	25 %	33 %	0.3% - 80%	

The following tables summarize certain financial information of operating subsidiaries that have non-controlling interests that are material to the company:

(MILLIONS)	Brookfield Americas Infrastructure Fund	Brookfield Infrastructure Fund II	Brookfield Infrastructure Fund III[1]	Brookfield Infrastructure Fund IV	Isagen [2]	The Catalyst Group	TerraForm Power[3]	Other	Total
Interests held by third parties	75% - 78%	43% - 60%	71 %	75 %	77 %	25 %	75 %	0.3% - 80%	
Place of business	North America, Brazil	North America, Brazil	North America	Brazil	Colombia	North America	North America, South America, Europe	North America, South America	
Year ended December 31, 2020:									
Revenue	$ 137	$ 261	$ 41	$ 5	$ 874	$ 141	$ 1,161	$ 15	$ 2,635
Net income	(15)	(29)	(11)	1	258	65	(360)	4	(87)
Total comprehensive income (loss)	109	329	287	4	877	173	238	—	2,017
Net income allocated to non-controlling interests	(13)	(17)	(8)	1	195	16	(268)	2	(92)
Year ended December 31, 2021:									
Revenue	$ 137	$ 269	$ 58	$ 25	$ 929	$ 136	$ 1,239	$ 14	$ 2,807
Net income (loss)	7	(60)	(3)	(4)	214	62	(245)	8	(21)
Total comprehensive income (loss)	(161)	716	332	178	11	173	(243)	117	1,123
Net income (loss) allocated to non-controlling interests	5	(32)	(2)	(3)	162	16	(175)	6	(23)
As at December 31, 2021:									
Property, plant and equipment, at fair value	$ 1,053	$ 5,578	$ 2,061	$ 713	$ 8,497	$ 1,129	$ 10,867	$ 164	$ 30,062
Total assets	1,087	5,685	2,074	798	9,498	1,140	11,939	202	32,423
Total borrowings	179	1,331	347	391	2,224	507	6,902	39	11,920
Total liabilities	205	1,549	358	450	4,896	511	8,916	61	16,946
Carrying value of non-controlling interests	685	2,251	1,226	261	3,493	132	2,197	52	10,297
Year ended December 31, 2022:									
Revenue	$ 120	$ 324	$ 80	$ 112	$ 1,135	$ 131	$ 1,324	$ 10	$ 3,236
Net income (loss)	25	(71)	(4)	2	340	44	94	21	451
Total comprehensive income (loss)	(106)	726	71	220	467	(32)	301	23	1,670
Net income allocated to non-controlling interests	19	(34)	(3)	1	257	11	63	22	336
As at December 31, 2022:									
Property, plant and equipment, at fair value	$ 131	$ 6,224	$ 2,107	$ 1,529	$ 8,264	$ 1,031	$ 10,012	$ 187	$ 29,485
Total assets	852	6,367	2,126	1,722	9,178	1,053	11,192	260	32,750
Total borrowings	14	1,332	347	675	2,356	476	6,371	—	11,571
Total liabilities	240	1,601	382	780	5,112	491	8,275	74	16,955
Carrying value of non-controlling interests	477	2,615	1,245	707	3,146	115	2,283	92	10,680

(1) Excludes information relating to Isagen and TerraForm Power which is presented separately.

(2) The total third parties ownership interest in Isagen as of December 31, 2022 was 77.4% and comprised of Brookfield Infrastructure Fund III: 23.0%,Brookfield Global Infrastructure Income Fund: 1.5%, Isagen institutional partners: 52.6% and other non-controlling interests: 0.3%.

(3) The total third parties ownership interest in TerraForm Power as of December 31, 2022 was 75.0% and comprised of Brookfield Infrastructure Fund III: 35.5%, Brookfield Global Infrastructure Income Fund: 6.8% and the remainder is held by the partnership.

The following table summarizes certain financial information regarding *Participating non-controlling interests – in a holding subsidiary held by the partnership*:

(MILLIONS)	2022	2021	2020
For the year ended December 31:			
Revenue	**$ 1,407**	$ 1,133	$ 1,069
Net income	**475**	334	472
Comprehensive income	**863**	473	550
Net income allocated to participating non-controlling interests – in a holding subsidiary held by the partnership	**11**	7	11
As at December 31:			
Property, plant and equipment, at fair value	**$ 11,357**	$ 10,785	
Total assets	**12,887**	12,408	
Total borrowings	**3,228**	3,117	
Total liabilities	**6,320**	5,967	
Carrying value of participating non-controlling interests – in a holding subsidiary held by the partnership	**271**	261	

16. BEPC EXCHANGEABLE SHARES, BEPC CLASS B SHARES AND BEPC CLASS C SHARES

The BEPC exchangeable shares and class B shares are classified as liabilities due to their exchange and cash redemption features. The BEPC exchangeable shares and class B shares issued pursuant to the special distribution and the TerraForm Power acquisition were recognized at their fair value of $28.28 per share. Subsequent to initial recognition, the BEPC exchangeable shares and the BEPC class B shares are recognized at amortized cost and remeasured to reflect changes in the contractual cash flows associated with the shares. These contractual cash flows are based on the price of one BEP unit. As at December 31, 2022, the BEPC exchangeable shares and class B shares were remeasured to $25.34 per share to reflect the NYSE closing price of a BEP unit. Remeasurement gains or losses associated with these shares are recorded in the consolidated statements of income (loss). During the year ended December 31, 2022, our shareholders exchanged 12,308 BEPC exchangeable shares for an equal number of BEP units resulting in a decrease of nil to our financial liability (2021: 16,071 shares resulting in a $1 million decrease). The company declared and paid dividends of $220 million and $220 million, respectively (2021: $209 million and $207 million, respectively) on its BEPC exchangeable shares outstanding during the year ended December 31, 2022. Dividends on BEPC exchangeable shares are presented as interest expense in the statement of operating results.

The following table provides a continuity schedule of outstanding BEPC exchangeable shares and class B shares along with the corresponding liability and remeasurement gains and losses.

	BEPC exchangeable shares outstanding (shares)	BEPC class B shares outstanding (shares)	BEPC exchangeable shares and BEPC class B shares ($ million)
As at December 31, 2020:	172,180,417	165	$ 7,430
Share issuance	38,996	—	1
Share exchanges	(16,071)	—	(1)
Remeasurement of liability	—	—	(1,267)
As at December 31, 2021:	172,203,342	165	6,163
Share issuance[1]	27,064	—	1
Share exchanges	(12,308)	—	—
Remeasurement of liability	—	—	(1,800)
As at December 31, 2022:	172,218,098	165	$ 4,364

[1] Associated with the restricted stock units of TerraForm Power that were assumed by the company as part of the acquisition of TerraForm Power on July 31, 2020, adjusted for the three-for-two share split in December 2020.

Similar to BEPC exchangeable shares and class B shares, BEPC class C shares are classified as liabilities due to their cash redemption feature. However, BEPC class C shares, the most subordinated class of all common shares, meet certain qualifying criteria and are presented as equity instruments given the narrow scope presentation exceptions existing in IAS 32. There are 189.6 million BEPC class C shares issued and outstanding as at December 31, 2022 and 2021.

In December 2022, the company renewed its normal course issuer bid for its outstanding BEPC exchangeable shares. The company is authorized to repurchase up 8.6 million BEPC exchangeable shares, representing 5% of its issued and outstanding BEPC exchangeable shares. The bids will expire on December 15, 2023, or earlier should the company complete its repurchases prior to such date. There were no BEPC exchangeable shares repurchased during the year ended December 31, 2022.

17. GOODWILL

The following table provides a reconciliation of goodwill:

(MILLIONS)	Notes	Total
Balance, as at December 31, 2020		$ 970
Foreign exchange		(121)
Balance, as at December 31, 2021		849
Foreign exchange		(126)
Balance, as at December 31, 2022		$ 723

As at December 31, 2022, $559 million of goodwill related to the hydroelectric segment was created as a result of recording the deferred tax liabilities assumed in the purchase price allocations of business combinations. The deferred tax liabilities are measured in accordance with IAS 12 in the purchase price allocations rather than at fair value. As a result, the goodwill recorded does not represent 'core' goodwill, but rather goodwill created as a result of accounting concepts or 'non-core' goodwill. In order to avoid an immediate impairment of this 'non-core' goodwill, the company removed from the carrying value any 'non-core' goodwill supported by the existence, as of the impairment testing date, of the original deferred tax liability that created the goodwill. As at December 31, 2022, the company performed an impairment test at the level that goodwill is monitored by management. In performing this impairment test, management removed the 'non-core' goodwill that continued to be supported by the existence of the original deferred tax liability that gave rise to the goodwill from the carrying value of the applicable assets. The remaining goodwill is not significant to the total balance, and was allocated to the related wind and utility-scale solar assets in Spain ($64 million and $100 million, respectively).

18. CAPITAL MANAGEMENT

The company's primary capital management objectives are to ensure the sustainability of its capital to support continuing operations, meet its financial obligations, allow for growth opportunities and provide stable distributions. The company's capital is monitored through the debt-to-total capitalization ratio on a consolidated basis. As at December 31, 2022 this ratio was 34% (2021: 35%).

Subsidiaries of the company have provided covenants to certain of their lenders for their non-recourse borrowings. These covenants vary from one credit agreement to another and include ratios that address debt-service coverage. Certain lenders have also put in place requirements that oblige the company and its subsidiaries to maintain debt and capital expenditure reserve accounts. The consequences to the subsidiaries as a result of failure to comply with their covenants could include a limitation of distributions from the subsidiaries to the company, as well as repayment of outstanding debt.

The company's strategy is to maintain the measures set out in the following schedule as at December 31:

(MILLIONS)	**2022**	2021
Non-recourse borrowings[1]	**$ 13,780**	$ 13,546
Deferred income tax liabilities, net[2]	**5,193**	4,934
BEPC exchangeable and class B shares	**4,364**	6,163
Equity		
Participating non-controlling interest – in operating subsidiaries	**10,680**	10,297
Participating non-controlling interest – in a holding subsidiary held by Brookfield Renewable	**271**	261
The partnership	**5,873**	3,667
Total capitalization	**$ 40,161**	$ 38,868
Debt-to-total capitalization	**34 %**	35 %

(1) Excludes $65 million (2021: $34 million) of deferred financing fees, net of unamortized premiums.
(2) Deferred income tax liabilities less deferred income tax assets.

19. EQUITY-ACCOUNTED INVESTMENTS

The following table outlines the changes in the company's equity-accounted investments:

(MILLIONS)	2022	2021
Balance, beginning of year	**$ 455**	$ 372
Investment	**48**	—
Share of net income	**6**	2
Share of other comprehensive income (loss)	**(58)**	87
Dividends received	**(4)**	(3)
Foreign exchange translation and other	**4**	(3)
Balance, end of year	**$ 451**	$ 455

20. CASH AND CASH EQUIVALENTS

The company's cash and cash equivalents as at December 31 are as follows:

(MILLIONS)	2022	2021
Cash	**$ 433**	$ 405
Cash subject to restriction[1]	**207**	115
Short-term deposits	**2**	5
	$ 642	$ 525

(1) See Note 1(t) - Recently adopted accounting standards for additional details.

21. RESTRICTED CASH

The company's restricted cash as at December 31 is as follows:

(MILLIONS)	2022	2021
Operations	**$ 27**	$ 23
Credit obligations	**30**	52
Capital expenditures and development projects	**11**	6
Total	**68**	81
Less: non-current	**(24)**	(22)
Current	**$ 44**	$ 59

22. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

The company's trade receivables and other current assets as at December 31 are as follows:

(MILLIONS)	2022	2021
Trade receivables	**$ 506**	$ 502
Collateral deposits[1]	**603**	434
Prepaids and others	**53**	83
Income tax receivables	**66**	30
Inventory	**18**	20
Other short-term receivables	**75**	77
	$ 1,321	$ 1,146

(1) Collateral deposits are related to energy derivative contracts the company enters into in order to mitigate the exposure to wholesale market electricity prices on the future sale of uncontracted generation, as part of the company's risk management strategy.

As at December 31, 2022, 96% (2021: 89%) of trade receivables were current. The company does not expect issues with collectability of these amounts. Accordingly, as at December 31, 2022 and 2021 an allowance for doubtful accounts for trade receivables was not deemed necessary. Trade receivables are generally on 30-day terms and credit limits are assigned and monitored for all counterparties. In determining the recoverability of trade receivables, management performs a risk analysis considering the type and age of the outstanding receivables and the credit worthiness of the counterparties. Management also reviews trade receivable balances on an ongoing basis.

23. OTHER LONG-TERM ASSETS

The company's other long-term assets as at December 31 are as follows:

(MILLIONS)	Note	2022	2021
Restricted cash[1]	21	**$ 24**	$ 22
Long-term receivables		**38**	30
Due from related parties	28	**9**	10
Other		**30**	7
		$ 101	$ 69

(1) See Note 1(t) - Recently adopted accounting standards for additional details.

At December 31, 2022 and 2021, restricted cash was held primarily to satisfy operations and maintenance reserve requirements, lease payments and credit agreements.

24. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The company's accounts payable and accrued liabilities as at December 31 are as follows:

(MILLIONS)	2022	2021
Operating accrued liabilities	**$ 258**	$ 195
Accounts payable	**154**	118
Interest payable on non-recourse borrowings	**85**	71
Income tax payable	**74**	3
Current portion of lease liabilities	**26**	25
BEPC exchangeable shares distributions payable[1]	**14**	16
Other	**10**	24
	$ 621	$ 452

(1) Includes amounts payable only to external shareholders. Amounts payable to Brookfield and the partnership are included in due to related parties.

25. PROVISIONS

The following table presents the change in the decommissioning liabilities for the company:

(MILLIONS)	2022	2021
Balance, beginning of the year	**$ 497**	$ 567
Additions	**—**	—
Disposals	**(1)**	(12)
Accretion	**11**	9
Changes in estimates	**(185)**	(60)
Foreign exchange	**(8)**	(7)
Balance, end of the year	**$ 314**	$ 497

The company has recorded decommissioning retirement obligations associated with certain power generating assets. The decommissioning retirement obligation has been established for hydroelectric, wind and utility-scale solar operation sites that are expected to be restored between the years 2031 to 2055. The estimated cost of decommissioning activities is based on a third-party assessment.

For details on other legal provisions, please refer to Note 27 – Commitments, contingencies and guarantees.

26. OTHER LONG-TERM LIABILITIES

The company's other long-term liabilities as at December 31 are comprised of the following:

(MILLIONS)	Note		2022		2021
Lease liabilities		$	**338**	$	346
Regulatory liabilities[1]			**149**		130
Pension obligations			**43**		64
Concession payment liability			**10**		10
Other			**75**		86
		$	**615**	$	636

(1) Regulatory liabilities are related to the regulated pricing mechanism at certain of the company's Spanish assets.

27. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments

In the course of its operations, the company has entered into agreements for the use of water, land and dams. Payment under those agreements varies with the amount of power generated. The various agreements can be renewed and are extendable up to 2089.

In the normal course of business, the company will enter into capital expenditure commitments which primarily relate to contracted project costs for various growth initiatives. As at December 31, 2022, the company had $505 million (2021: $392 million) of capital expenditure commitments outstanding, of which $475 million is payable in less than one year, $26 million in two years to five, and $4 million thereafter.

The following table lists the assets and portfolio of assets that the company, together with institutional partners have agreed to acquire which are subject to customary closing conditions as at December 31, 2022 :

Region	Technology	Capacity	Consideration	The Company's Economic Interest	Expected Close
Brazil	Wind	137 MW operating	BRL 529 million ($98 million)	23%	Q1 2023

An integral part of the company's strategy is to participate with institutional partners in Brookfield-sponsored private equity funds that target acquisitions that suit the company's profile. In the normal course of business, the company has made commitments to Brookfield-sponsored private equity funds to participate in these target acquisitions in the future, if and when identified. From time to time, in order to facilitate investment activities in a timely and efficient manner, the company will fund deposits or incur other costs and expenses (including by use of loan facilities to consummate, support, guarantee or issue letters of credit) in respect of an investment that ultimately will be shared with or made entirely by Brookfield sponsored vehicles, consortiums and/or partnerships (including private funds, joint ventures and similar arrangements), the company, or by co-investors.

Contingencies

The company and its subsidiaries are subject to various legal proceedings, arbitrations and actions arising in the normal course of business. While the final outcome of such legal proceedings and actions cannot be predicted with certainty, it is the opinion of management that the resolution of such proceedings and actions will not have a material impact on the company's consolidated financial position or results of operations.

The company's subsidiaries themselves have provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance.

The company, along with institutional partners, has provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance as it relates to interests in the Brookfield Americas Infrastructure Fund, the Brookfield Infrastructure Fund II, Brookfield Infrastructure Fund III, Brookfield Infrastructure Fund IV and Brookfield Global Transition Fund. The company's subsidiaries have similarly provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance.

Letters of credit issued by the company's subsidiaries as at December 31, 2022 were \$994 million (2021: \$698 million).

Guarantees

In the normal course of operations, the company executes agreements that provide for indemnification and guarantees to third-parties of transactions such as business dispositions, capital project purchases, business acquisitions, sales and purchases of assets and services, and the transfer of tax credits or renewable energy grants from tax equity partnerships. The company has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings and guarantee agreements prevents the company from making a reasonable estimate of the maximum potential amount that the company could be required to pay third parties as the agreements do not always specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time.

Two subsidiaries of the company fully and unconditionally guaranteed (i) the medium term notes issued and payable by Brookfield Renewable Partners ULC, a finance subsidiary of Brookfield Renewable, (ii) the senior preferred shares of Brookfield Renewable Power Preferred Equity Inc., (iii) certain preferred units of Brookfield Renewable, (iv) the obligations of Brookfield Renewable under its bilateral credit facilities and (v) notes issued by Brookfield BRP Holdings (Canada) Inc. under its U.S. commercial paper program. BRP Bermuda Holdings I Limited ("BBHI") a subsidiary of the company have guaranteed the perpetual subordinated notes issued by Brookfield BRP Holdings (Canada) Inc. These arrangements do not have or are not reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

28. RELATED PARTY TRANSACTIONS

The company's related party transactions are recorded at the exchange amount. The company's related party transactions are primarily with the partnership and Brookfield.

Management Agreements

Master Services Agreement

Since inception, our parent company has had a management agreement (the "Master Services Agreement") with certain service providers (the "Service Provider"), which are wholly-owned subsidiaries of Brookfield Asset Management. The Master Services Agreement was amended in connection with the completion of the special distribution to include BEPC as a service recipient.

The company's annual consolidated financial statements include general corporate expenses of the partnership which were not historically allocated to the company's operations. These expenses relate to management fees payable to Brookfield Asset Management and direct operating costs incurred by a subsidiary of the partnership. These allocated expenses have been included as appropriate in the company's consolidated statements of income. Key decision makers of the company are employees of the ultimate parent company who provide management services under the company's Master Services Agreement. However, the financial statements may not include all of the expenses that would have been incurred and may not reflect the company's annual consolidated results of operations, financial position and cash flows had it been a standalone company during the periods presented. It is not practicable to estimate the actual costs that would have been incurred had the company been a standalone business during the periods presented as this would depend on multiple factors, including organizational structure and infrastructure.

Pursuant to the Master Services Agreement, on a quarterly basis, Brookfield Renewable pays a management fee, referred to as the management service costs, to the Service Provider equal to a fixed quarterly component of $5 million per quarter, adjusted for inflation, and a variable component calculated as a percentage of the increase in the total capitalization value of Brookfield Renewable over an initial reference value (subject to an annual escalation by a specified inflation factor beginning on January 1, 2013) (the "Base Management Fee"). For purposes of calculating the management service costs, the market value of Brookfield Renewable is equal to the aggregate value of all the outstanding units and other securities issued by the service recipients, plus all outstanding third-party debt with recourse to a recipient of services under the Master Services Agreement, less all cash held by such entities. The company will be responsible for reimbursing the partnership or its subsidiaries, as the case may be, for BEPC's proportionate share of the Base Management Fee. BEPC's proportionate share of the Base Management Fee will be calculated on the basis of the value of BEPC's business relative to that of the partnership. The Base Management Fee for the year ended December 31, 2022 was $169 million (2021: $175 million and 2020: $129 million)

Relationship Agreement

Since inception, Brookfield Renewable has had a Relationship Agreement with Brookfield pursuant to which Brookfield has agreed, subject to certain exceptions, that Brookfield Renewable will serve as its primary vehicle through which it will directly or indirectly, acquire renewable power assets on a global basis. The company, being a controlled subsidiary of Brookfield Renewable is entitled to the benefits and subject to certain obligations under the Relationship Agreement.

TERP Brookfield Master Services Agreement

Since the acquisition of TerraForm Power on October 16, 2017, TerraForm Power had a management agreement ("TERP Brookfield Master Services Agreement") with Brookfield. Prior to the company's acquisition of TerraForm Power, pursuant to the TerraForm Power Master Services Agreements, TerraForm Power paid management service costs on a quarterly basis calculated as follows:

- For each of the first four quarters following October 16, 2017, a fixed component of $2.5 million per quarter (subject to proration for the quarter including October 16, 2017) plus 0.3125% of the market capitalization value increase for such quarter;
- For each of the next four quarters, a fixed component of $3.0 million per quarter adjusted annually for inflation plus 0.3125% of the market capitalization value increase for such quarter; and
- Thereafter, a fixed component of $3.75 million per quarter adjusted annually for inflation plus 0.3125% of the market capitalization value increase for such quarter.

For purposes of calculating its management service costs, the term market capitalization value increase meant, for any quarter, the increase in value of TerraForm Power's market capitalization for such quarter, calculated by multiplying the number of outstanding shares of TerraForm Power's common stock as of the last trading day of such quarter by the difference between (x) the volume weighted average trading price of a share of common stock for the trading days in such quarter and (y) $9.52. If the difference between (x) and (y) in the market capitalization value increase calculation for a quarter was a negative number, then the market capitalization value increase was deemed to be zero. TerraForm Power's management service costs for the year ended December 31, 2022 of nil (2021: nil and 2020: $23 million) have been included in the company's annual consolidated statement of income based on its historical records.

The TERP Brookfield Master Services Agreement was terminated upon the completion of the TerraForm Power acquisition by the company on July 31, 2020.

Governance Agreement

TerraForm Power entered into a governance agreement, referred to as the Governance Agreement, dated October 16, 2017 with Orion Holdings and any controlled affiliate of Brookfield Asset Management (other than TerraForm Power and its controlled affiliates) that by the terms of the Governance Agreement from time to time becomes a party thereto, collectively referred to as the sponsor group.

The Governance Agreement established certain rights and obligations of TerraForm Power and controlled affiliates of Brookfield Asset Management that own voting securities of TerraForm Power relating to the governance of

TerraForm Power and the relationship between such affiliates of BAM and TerraForm Power and its controlled affiliates.

On June 11, 2018, Orion Holdings, NA HoldCo and TerraForm Power entered into a Joinder Agreement pursuant to which NA HoldCo became a party to the Governance Agreement. On June 29, 2018, a second Joinder Agreement was entered into among Orion Holdings, NA HoldCo, BBHC Orion and TerraForm Power pursuant to which BBHC Orion became a party to the Governance Agreement.

The Governance Agreement was terminated after the completion of the TerraForm Power acquisition by the company on July 31, 2020.

Power Services Agreements

Energy Marketing Internalization

In the first quarter of 2021, the company and the partnership entered into an agreement to fully internalize all energy marketing capabilities in North America into the company. The agreement provides for the transfer for the partnership's Power Agency Agreements and related party power purchase agreements relating to certain power facilities in Maine and New Hampshire held by Great Lakes Holding America ("GLHA"), which are further described below. Certain third-party power purchase agreements were also transferred to the company as part of the Energy Marketing Internalization of the partnership’s North American energy marketing business.

The agreement became effective on April 1, 2021.

Power Agency Agreements

Certain subsidiaries of the company entered into Power Agency Agreements appointing the partnership as their exclusive agent in respect of the sale of electricity, including the procurement of transmission and other additional services. In addition, the partnership scheduled, dispatched and arranged for transmission of the power produced and the power supplied to third-parties in accordance with prudent industry practice. Pursuant to each Agreement, the partnership was entitled to be reimbursed for any third party costs incurred, and, in certain cases, received an additional fee for its services in connection with the sale of power and for providing the other services.

On closing of the Energy Marketing Internalization, all Power Agency Agreements were transferred by the partnership to the company.

Energy Marketing Agreement

Brookfield had agreed to provide energy marketing services to the company. Under this Agreement, the company paid an annual energy marketing fee commensurate to the services received. See Note 8 - Direct operating costs. On closing of the Energy Marketing Internalization, the Energy Marketing Agreement was transferred from Brookfield to the partnership.

Other Agreements

Other Revenue Agreements

Pursuant to a 20-year power purchase agreement, the partnership purchased all energy from several power facilities in Maine and New Hampshire held by GLHA at $37 per MWh. The energy rates were subject to an annual adjustment equal to 20% of the increase in the CPI during the previous year.

Upon closing of the Energy Marketing Internalization, the power purchase agreement with GLHA was transferred to the company.

Sponsor Line Agreement

On October 16, 2017, the company entered into the Sponsor Line with Brookfield Asset Management and one of its affiliates (the “Lenders”). The Sponsor Line establishes a $500 million secured revolving credit facility and provides for the Lenders to commit making LIBOR loans to the company during a period not to exceed three years from the effective date of the Sponsor Line (subject to acceleration for certain specified events). The company may only use the revolving Sponsor Line to fund all or a portion of certain funded acquisitions or growth capital expenditures. The Sponsor Line terminates, and all obligations thereunder become payable, no later than October 16, 2022.

Borrowings under the Sponsor Line bear interest at a rate per annum equal to a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, in each case plus 3% per annum. In addition to paying interest on outstanding principal under the Sponsor Line, the company is required to pay a standby fee of 0.5% per annum in respect of the unutilized commitments thereunder, payable quarterly in arrears.

The company was permitted to voluntarily reduce the unutilized portion of the commitment amount and repay outstanding loans under the Sponsor Line at any time without premium or penalty, other than customary "breakage" costs. Under certain circumstances, the company may be required to prepay amounts outstanding under the Sponsor Line.

The sponsor line was terminated upon the completion of the TerraForm Power acquisition by the company on July 31, 2020.

TERP Relationship Agreement

TerraForm Power entered into a relationship agreement, referred to as the TERP Relationship Agreement, dated October 16, 2017 with BAM, which governed certain aspects of the relationship between BAM and TerraForm Power. Pursuant to the TERP Relationship Agreement, BAM agreed that TerraForm Power will serve as the primary vehicle through which BAM and certain of its affiliates will own operating wind and solar assets in North America and Western Europe and that BAM will provide, subject to certain terms and conditions, TerraForm Power with a right of first offer on certain operating wind and solar assets that are located in such countries and developed by persons sponsored by or under the control of BAM. The rights of TerraForm Power under the TERP Relationship Agreement are subject to certain exceptions and consent rights set out therein.

TerraForm Power did not acquire any renewable energy facilities pursuant to the TERP Relationship Agreement from BAM.

The TERP Relationship Agreement was terminated upon the completion of the TerraForm Power acquisition by the company on July 31, 2020.

TERP Registration Rights Agreement

TerraForm Power also entered into a registration rights agreement, referred to as the TERP Registration Rights Agreement, on October 16, 2017 with Orion Holdings. The TERP Registration Rights Agreement governed the rights and obligations of TerraForm Power, on the one hand, and BAM and its affiliates, on the other hand, with respect to the registration for resale of all or a part of TerraForm Power's common stock held by BAM or any of its affiliates that become party to the TERP Registration Rights Agreement.

On June 11, 2018, Orion Holdings, NA HoldCo and TerraForm Power entered into a Joinder Agreement pursuant to which NA HoldCo became a party to the TERP Registration Rights Agreement. On June 29, 2018, a second Joinder Agreement was entered into among Orion Holdings, NA HoldCo, BBHC Orion and TerraForm Power pursuant to which BBHC Orion became a party to the TERP Registration Rights Agreement.

The TERP Registration Rights Agreement was terminated upon the completion of the TerraForm Power acquisition by the company on July 31, 2020.

New Terra LLC Agreement

TerraForm Power and BRE Delaware, Inc. entered into an amended and restated limited liability company agreement of TerraForm Power, LLC, referred to as the New Terra LLC Agreement, dated October 16, 2017. The New Terra LLC Agreement, among other things, reset the incentive distribution right, or IDR, thresholds of TerraForm Power, LLC to establish a first distribution threshold of $0.93 per share of TerraForm Power's common stock and a second distribution threshold of $1.05 per share of TerraForm Power's common stock. As a result of the New Terra LLC Agreement, amounts distributed from TerraForm Power, LLC are distributed on a quarterly basis as follows:

- first, to TerraForm Power in an amount equal to TerraForm Power's outlays and expenses for such quarter;
- second, to holders of TerraForm Power, LLC Class A units, referred to as Class A units, until an amount has been distributed to such holders of Class A units that would result, after taking account of all taxes

payable by TerraForm Power in respect of the taxable income attributable to such distribution, in a distribution to holders of shares of TerraForm Power's common stock of $0.93 per share (subject to further adjustment for distributions, combinations or subdivisions of shares of TerraForm Power's common stock) if such amount were distributed to all holders of shares of TerraForm Power common stock;

- third, 15% to the holders of the IDRs pro rata and 85% to the holders of Class A units until a further amount has been distributed to holders of Class A units in such quarter that would result, after taking account of all taxes payable by TerraForm Power in respect of the taxable income attributable to such distribution, in a distribution to holders of shares of TerraForm Power's common stock of an additional $0.12 per share (subject to further adjustment for distributions, combinations or subdivisions of shares of TerraForm Power's common stock) if such amount were distributed to all holders of shares of TerraForm Power's common stock; and
- thereafter, 75% to holders of Class A units pro rata and 25% to holders of the IDRs pro rata.

TerraForm Power made no IDR payments during the year ended December 31, 2022, 2021 and 2020.

The New Terra LLC Agreement was amended upon the completion of the TerraForm Power acquisition by Brookfield Renewable on July 31, 2020 to remove TerraForm Power, LLC's obligations to make IDR payments.

Credit facilities and funds on deposit

Brookfield has provided a $400 million committed unsecured revolving credit facility maturing in December 2023 and the draws bear interest at London Interbank Offered Rate plus a margin. During the current period, there were no draws on the committed unsecured revolving credit facility provided by Brookfield. Brookfield may from time to time place funds on deposit with the company which are repayable on demand including any interest accrued. There were nil funds placed on deposit with the company as at December 31, 2022 (December 31, 2021: nil). The interest expense on the Brookfield revolving credit facility and deposit for the year ended December 31, 2022 totaled nil (2021: nil).

The company participates with institutional partners in Brookfield Americas Infrastructure Fund, Brookfield Infrastructure Fund II, Brookfield Infrastructure Fund III, Brookfield Infrastructure Fund IV, Brookfield Infrastructure Debt Fund, and Brookfield Global Transition Fund ("Private Funds"), each of which is a Brookfield sponsored fund, and in connection therewith, Brookfield Renewable, together with its institutional partners , has access to financing using the Private Funds' credit facilities.

During the year, the partnership transferred its investment in certain subsidiaries, which included certain of its development assets in the United States to the company with a carrying value of approximately $23 million of total assets and liabilities. This transaction was accounted as an asset acquisition.

During the fourth quarter of 2022, the company sold a portfolio of investments, which included partial interests in consolidated subsidiaries, with an approximate fair value of $288 million to an affiliate of Brookfield in exchange for securities of equal value. The portfolio of investments represented seed assets in a new product offering that Brookfield will be marketing and selling to third party investors which at that time will provide the company the opportunity to, subject to certain conditions, monetize the securities to generate liquidity. The securities are recorded as financial instrument assets on the consolidated statements of financial position. The reduction in partial interests in consolidated subsidiaries is reflected as an increase in non-controlling interests in operating subsidiaries on the consolidated statements of financial position.

The following table reflects the related party agreements and transactions in the consolidated statements of income (loss), for the years ended December 31:

(MILLIONS)	2022	2021	2020
Revenues			
Power purchase and revenue agreements	**$ 72**	$ 163	$ 361
Other income			
Interest income	**$ 9**	$ 10	$ —
Direct operating costs			
Energy purchases[1]	**$ (22)**	$ (62)	$ (10)
Energy marketing & other services	**(7)**	(11)	(17)
Insurance expense[2]	**—**	(20)	(21)
	$ (29)	$ (93)	$ (48)
Interest expense			
Borrowings	**$ (17)**	$ (29)	$ (1)
Other related party services	**$ (4)**	$ (13)	$ —
Management service costs			
Management service agreement	**$ (169)**	$ (175)	$ (152)

(1) Certain subsidiaries that the company controls, through a voting agreement, have entered into agreements to appoint the partnership as their agent in entering into certain derivative transactions with external counterparties to hedge against fluctuations in power purchase prices. During the first quarter of 2021, the company recognized a nil gain (2021: $62 million and 2020: nil) associated with agency arrangement which have been excluded from energy purchases. As of April 1, 2021, the agency arrangements were transferred from the partnership to the company upon the closing of Energy Marketing Internalization.

(2) Prior to November 2021, insurance services were paid to external insurance service providers through subsidiaries of Brookfield Corporation. The fees paid to the subsidiaries of Brookfield Corporation in 2022 were nil (2021 was nil and 2020: nil). As of November 2021, Brookfield, through a regulated subsidiary, began providing insurance coverage through third-party commercial insurers for the benefits of certain entities in North America. The premiums and claims are not included in the table above.

The following table reflects the impact of the related party agreements and transactions on the consolidated statements of financial position as at December 31:

(MILLIONS)	Related party	2022	2021
Current assets			
Due from related parties			
Amounts due from	Brookfield	**$ 41**	$ 16
	The partnership	**563**	523
	Equity-accounted investments and other	**11**	9
		$ 615	$ 548
Non-current assets			
Due from related parties			
Amounts due from	Equity-accounted investments and other	**$ 9**	$ 10
Current liabilities			
Due to related parties			
Amounts due to	Brookfield	**$ 37**	$ 21
	The partnership	**315**	625
	Equity-accounted investments and other	**12**	3
	Brookfield Reinsurance and associates	**100**	$ —
		$ 464	$ 649
Non-recourse borrowings	Brookfield	**1**	—
		$ 465	$ 649
Non-current liabilities			
Non-recourse borrowings	Brookfield	**$ —**	$ 8
	Brookfield Reinsurance and associates	**15**	—
		$ 15	**$ 8**

(1) Refer to Note 27 – Commitments, contingencies and guarantees for additional information on the company's litigation matters.

Current assets

Amounts due from Brookfield and the partnership are non-interest bearing, unsecured and due on demand.

Current liabilities

Amounts due to Brookfield and the partnership are unsecured, payable on demand and relate to recurring transactions.

29. SUPPLEMENTAL INFORMATION

The net change in working capital balances for the year ended December 31 shown in the consolidated statements of cash flows is comprised of the following:

(MILLIONS)	2022	2021	2020
Trade receivables and other current assets	**$ (270)**	$ (467)	$ 42
Accounts payable and accrued liabilities	**175**	(259)	8
Other assets and liabilities	**(8)**	99	(60)
	$ (103)	$ (627)	$ (10)

Brookfield Renewable Corporation

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