Brookfield Renewable (BEP Q3 2025 Results)

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Corporate Speakers:

- Connor Teskey; Brookfield Renewable; Chief Executive Officer
- Jennifer Mazin; Brookfield Renewable; Co-President, General Counsel
- Patrick Taylor; Brookfield Renewable; Chief Financial Officer

Participants:

- Nelson Ng; RBC Capital Markets; Analyst
- Sean Steuart; TD Cowen; Analyst
- Robert Hope; Scotiabank; Analyst
- Mark Jarvi; CIBC; Analyst
- Mark Strouse; JPMorgan; Analyst
- Baltej Sidhu; National Bank of Canada; Analyst
- Benjamin Pham; BMO; Analyst

PRESENTATION

Operator: Hello. And welcome to the BEP Third Quarter 2025 Results Conference Call and Webcast. (Operator Instructions)

Please be advised that today's conference is being recorded.

It is now my pleasure to introduce CEO, Connor Teskey.

Connor Teskey: Thank you, Operator. Good morning, everyone. And thank you for joining us for our third quarter 2025 conference call.

Before we begin, we would like to remind you that a copy of our news release and investor supplement can be found on our website.

We also want to remind you that we may make forward-looking statements on this call. These statements are subject to known and unknown risks, and our future results may differ materially.

For more information, you are encouraged to review our regulatory filings available on SEDAR, EDGAR and on our website.

On today's call we will provide a review of our third quarter performance.

Then Jen Mazin, co-President and General Counsel, will discuss the recently announced partnership between Westinghouse and the U.S. government and how we expect this partnership to benefit our business for years to come.

And lastly, Patrick will conclude our remarks by discussing our operating results and financial position.

Following our comments, we look forward to taking your questions.

We had another strong quarter, delivering solid financial results and advancing our strategic initiatives across the business.

We generated $302 million of FFO during the quarter or $0.46 per unit, up 10% year-over-year, and we continue to expect to deliver on our 10%-plus FFO per unit growth target for 2025.

We were successful advancing our commercial priorities, signing contracts to deliver another 4,000 gigawatt hours per year of generation, and continue to deliver on our growth initiatives, commissioning 1,800 megawatts of new projects in the quarter.

We also made strategic investments across our key markets in critical technologies to support both energy demand and grid reliability.

We continue to see accelerating demand for power across nearly all the markets in which we operate. This growth is being driven by the same three key themes we have highlighted in recent quarters: Ongoing electrification; reindustrialization across our operating regions; and the extraordinary demand for energy from hyperscalers. The hyperscalers continue to ramp up their CapEx spend on data centers to support the rapid expansion of cloud computing and artificial intelligence. And what is clear to us is that the scale and pace of investment into AI is not slowing down.

At the same time offtakers are seeking long-term access to reliable and sustainable energy sources to power this growth.

With this, it is becoming increasingly apparent that meeting the surging demand for electricity will require an any-and-all solution leveraging solar, wind, hydro, gas, nuclear and other technologies to ensure sufficient load and consistent delivery of electrons.

As a result of this demand and the required any-and-all solution, the opportunity to deploy capital has noticeably accelerated in the past few months and is reflected in the pipeline of opportunities we are executing on today.

In particular, we are seeing growing opportunities in nuclear, where we are exceptionally well positioned to play a leading role in the sector's expansion in both the United States and globally, given our ownership of Westinghouse, the U.S. nuclear champion.

In October, we announced a strategic partnership with the U.S. government with the intention of achieving the objectives of reinvigorating the nuclear power industrial base, as set out in President Trump's executive orders.

Under the partnership, the U.S. government will support Westinghouse by, among other things, arranging financing and ordering new Westinghouse nuclear power reactors to be built in the United States with an aggregate investment value of at least $80 billion. This transformational agreement, which Jen will speak to in more detail shortly, positions nuclear energy deployment as a cornerstone of America's strategy to sustain global leadership in both artificial intelligence and advanced nuclear power technology and will drive a step change in the growth of nuclear power generation, helping to kickstart scale deployment of new Westinghouse reactors in the U.S. and around the world.

Separate from our partnership with the U.S. government. This past month, Brookfield signed a letter of intent to conduct six weeks of early-stage diligence on the potential development of two the VC Summer nuclear reactors. The reactors are Westinghouse AP1000s and were partially constructed until development was paused in 2017. And while we are early in our diligence process, we are encouraged by our initial feedback from potential partners and hyperscaler offtakers.

The development of these reactors represent another growth opportunity for Westinghouse.

As well as potentially for Brookfield Renewable to enhance its position as a leading supplier of scale electricity to utilities and hyperscalers to support accelerating energy demand via nuclear power.

But we will only do so if the appropriate downside protections and risk-adjusted returns are available to us.

Another example of how accelerating demand from the hyperscalers is impacting our business is that these players are increasingly looking to our hydro capacity as a source of power, given its scale, baseload and clean characteristics.

While hyperscalers have traditionally focused on contracting our wind and solar generation and continue to do so for its low-cost additionality and speed-to-market benefits, the scale of current demand means we are also seeing a greater opportunity to contract our hydro fleet to these offtakers.

And as the largest private owners and operators of hydro assets in the United States, with approximately five terawatt hours of generation coming up for recontracting, we are well positioned to capture the increasing demand, which will both lift our cash flows in the form of higher pricing and also enable us to up-finance these assets, providing additional capital to deploy into growth.

We have seen this play out with the Hydro Framework Agreement we signed in July with Google and the immediate subsequent contracting of two facilities.

And then more recently, we also signed a new 20-year contract with Microsoft at another one of our hydro assets in PJM as part of our Renewable Energy Framework with that counterparty.

We also continue to evaluate the opportunity to acquire hydros which would fit well within our portfolio.

In this quarter, we closed our previously announced incremental investment into Isagen, increasing our stake in a world-class hydro business with a strong growth outlook.

Another area of growth for our business driven by rising electricity demand, higher peak loads and greater renewables penetration is battery storage. Costs continue to come down, decreasing more than 50% in the past 12 months, and we are seeing a notable increase in counterparties willing to execute long-term capacity contracts, a key attribute of our derisked approach to development.

This past quarter, we advanced our global battery development strategy, highlighted by the delivery of a 340-megawatt battery in Australia, which, combined with the first phase of this project, is now the largest operating battery solution in the country.

We continue to see scale opportunities for partnerships with governments and corporates to help deliver energy solutions utilizing battery storage.

Now while we are deploying significant capital into batteries and hydro and evaluating further deployment into nuclear, our core wind and solar business also continues to grow at an accelerating pace as a result of its position as the lowest cost, fastest market form of bulk power available in most major markets around the world.

Today, we have a global operating fleet and scale pipeline of over 200 gigawatts, which complements our battery, hydro and nuclear capabilities and furthers our position as the partner of choice to the largest buyers of power who are prioritizing low-cost, readily available power solutions.

In fact, we feel the ability to provide baseload power, and energy storage solutions enhances the value of our wind and solar development pipeline as these technologies can be used to complement each other to meet the needs of customers. These combined capabilities across renewable technologies including our baseload power capabilities, our relationships with the largest technology players and our access to scale capital enable us to act quickly in environments like these, positioning us well to accelerate our growth over the next several years.

As a result, we have never felt stronger about the growth prospects of our business.

And with that, we will now turn it over to Jen to speak in more detail to the recently announced partnership between Westinghouse and the U.S. government.

Jennifer Mazin: Thank you, Connor. And good morning, everyone.

As Connor mentioned, in October, we announced a strategic partnership between the U.S. government and Westinghouse, where the U.S. government will order new Westinghouse nuclear reactors to be built in the United States with an aggregate investment value of at least $80 billion. The agreement supports the government's goal of having 10 large-scale reactors with completed designs under construction by 2030 and aligns the U.S. government with the owners of Westinghouse to dramatically enhance the value of the business by providing for an opportunity for profit sharing in certain circumstances.

Westinghouse, which we and Cameco acquired in 2023, is a leading provider of mission-critical technology, services and products to the nuclear power industry.

Westinghouse is the U.S. nuclear champion, currently servicing over 50% of the global nuclear fleet.

Over two-thirds of operating nuclear reactors in the world are derived from Westinghouse technology.

Westinghouse operates through three main business segments.

Today it's operating plant services and nuclear fuel businesses together generate roughly 85% of the company's earnings, driven by long-term contracts with a global fleet of operating reactors. These segments generate stable infrastructure-like cash flows anchored by Westinghouse's position as the leading nuclear service provider.

As the nuclear industry grows globally through greater usage, life extensions and new reactors, Westinghouse's core business of operating plant services and nuclear fuel will continue to grow alongside the broader nuclear market. This leading position and the stable growing cash flows from these two businesses formed the foundation of our original investment thesis.

Westinghouse also owns the intellectual property for the world's leading utility scale reactor, the AP1000, as well as the AP300, its small modular reactor version.

Through its third main business segment, the Energy Systems business, Westinghouse provides design, engineering and procurement services for new nuclear power plants without assuming construction risk or operating liabilities.

While we have always had strong conviction in the long-term role nuclear energy will play and the potential of this Energy Systems segment, at the time of our acquisition, we assigned only modest growth expectations to the Energy Systems business, reflecting the broader market conditions at that time.

Since then, in light of factors including a greater focus on energy security and the insatiable demand for baseload power to support the build-out of data centers, global

sentiment around new build nuclear has changed significantly, as we have seen with new reactor builds announced primarily in Europe and also restarts in the United States.

And now the recently announced partnership with the U.S. government represents a significant catalyst for the trajectory of growth at Westinghouse. Under the agreement, the U.S. government plans to invest at least $80 billion into new build nuclear facilities in the United States that will use Westinghouse reactors. The U.S. government has also agreed to support Westinghouse by, among other things, arranging financing, facilitating permits and the approvals required to accommodate the near-term build-out of new nuclear plants in the United States.

Westinghouse will continue to undertake the same activities it has since our ownership, focused on the design, engineering and procurement services for these new build reactors. And once the plants are operating, we would expect to provide fuel and maintenance services for the lives of these new nuclear facilities, which is on average between 60 and 80 years each.

The partnership creates significant value for Westinghouse and Brookfield Renewable in three main ways.

First, this scale investment should contribute significant earnings growth over time at Westinghouse as the reactors are constructed.

Second, we expect that these orders will provide long-term recurring cash flows to the business, with Westinghouse delivering fuel and maintenance services over the course of the reactors lives once constructed. Third, and perhaps most importantly, orders of this magnitude should provide both a catalyst and enhanced certainty to the sector that should enable investment in the supply chain for Westinghouse and the nuclear industry more broadly, resulting in greater assurances for future investment in new build reactors and lower costs going forward as the supply chain scales. This should have the added benefit of helping Westinghouse further deploy its technology both in the United States and globally, far beyond this initial order of reactors.

Interestingly, even since the announcement less than two weeks ago, inbounds for new build Westinghouse reactors have increased.

It is also important to note that the terms of the strategic partnership align us with the U.S. government to create significant near-term value at Westinghouse while maintaining the current governance structure of the business. Under our agreement, provided that the U.S. government has made a final investment decision and entered into definitive orders to invest at least $80 billion in the construction of new Westinghouse nuclear reactors in the United States before January 2029, the U.S. government will receive 20% of distributions from Westinghouse, but only after the current shareholders have first received $17.5 billion in distribution.

In summary, the partnership and near-term development of new nuclear reactors are expected to deliver significant value for Westinghouse over the long term through reactor construction, development of the supply chain to enable further global deployment and associated servicing and fuel contracts.

With our co-owner Cameco's expertise across the nuclear fuel supply chain, Westinghouse's leadership in mission-critical technology and services and our access to capital and deep commercial relationships with the largest buyers of electricity, the business is exceptionally well positioned to build on its leadership in the sector. This strategic partnership marks a strong start to what we believe will be a meaningful runway of growth for the business, positioning Westinghouse to far exceed our original underwriting expectations and deliver significant value for our shareholders and stakeholders over the long term.

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

Patrick Taylor: Thanks, Jen. And good morning to everyone on the call.

Our business performed well this quarter, delivering funds from operations of $302 million or $0.46 per unit, an increase of 10% year-over-year, driven by contracted inflation-linked cash flows from our diverse global operating fleet, commercial and operational execution and contributions from recent M&A activity and project development.

Our hydroelectric segment delivered another strong quarter, generating FFO of $119 million, up over 20% from the prior year on the back of solid generation from our Canadian and Colombian fleets, higher pricing across our U.S. operations and increased earnings from commercial and operational activities. The performance of this segment reflects growing demand for scale baseload power and our ability to capture improved pricing in the current environment.

Our wind and solar segments generated a combined $177 million of FFO, supported by contributions from our acquisitions of Neoen, Geronimo Power and the portfolio of offshore wind assets in the U.K. that we invested in last year. The benefits of this growth and our organic development were offset by the impact of the sale of wind assets in the U.S., Spain and Portugal since Q3 last year.

Our distributed energy storage and sustainable solutions segments delivered a solid quarter, generating FFO of $127 million, up from the prior year. Results were supported by growth from the Neoen acquisition and strong performance at Westinghouse.

Now turning to our financial position.

During the quarter, we were successful in deploying significant capital into growth while maintaining strong liquidity of $4.7 billion and a sector-leading balance sheet, reaffirming our BBB+ investment-grade rating from three major rating agencies.

We continue to differentiate our franchise with our access to scale capital.

In the current environment where there is increasing demand for energy and opportunities for those with the right mix of capabilities and development expertise, access to capital is becoming even more crucial.

During the quarter, we executed $7.7 billion in financings, bringing our total financings over the last 12 months alone to $38 billion. This includes $1.1 billion in up-financings across the business in the third quarter alone.

We executed up-financings at our Holtwood and Safe Harbor hydro assets recently, following the first contracts under our framework agreement with Google that we signed earlier in the year. And we completed an innovative up-financing at our Smoky Mountain hydro asset. These financings, sized to investment grade, attracted strong investor demand, and were over 5x oversubscribed at the tightest spreads we have seen for these types of financings in the past five years, reflecting the strength of the demand to lend to our high-quality assets.

As Connor mentioned earlier, we were also successful in the quarter advancing our commercial initiatives, signing contracts to deliver approximately 4,000 gigawatt hours per year. This includes signing a 20-year contract with Microsoft at one of our hydro facilities in the PJM market in the U.S.

On the back of this contract, we expect to execute another significant up-financing in the fourth quarter.

Also during the quarter, we were very active on the capital recycling front, closing sales and signing agreements that are expected to generate $2.8 billion or $900 million net to Brookfield Renewable. This includes reaching an agreement to sell a stake in a leading North American distributed generation business while retaining almost half the development business and its pipeline, maintaining exposure to growth of this platform going forward.

We also sold a portfolio of derisked operating assets within one of our U.S. platforms, something we expect to increasingly do more of as we build out our capital recycling capabilities in all of our businesses and continue to bring long-life infrastructure assets into production, which today are in very strong demand from low cost of capital buyers.

We also signed and closed the sales of solar, wind and battery assets in Australia that we acquired within Neoen earlier this year.

Since our acquisition of Neoen, we have implemented an asset recycling program and sold assets of worth $1.1 billion of enterprise value in less than one year of ownership. This is up effectively from a run rate of zero before we acquired the business.

As we look ahead, we anticipate an acceleration of opportunities to deploy capital through M&A and within our existing businesses. And in this environment, our approach will not waver.

We will remain focused on ensuring we maintain high levels of liquidity and access to capital so that we are well positioned to deploy scale capital when compelling opportunities arise.

In closing, we remain focused on delivering 12% to 15% long-term total returns for our investors while remaining disciplined allocators of capital.

On behalf of the Board and management, we thank all our unitholders and shareholders for their ongoing support.

That concludes our formal remarks for today's call. Thank you for joining us this morning.

With that, I'll pass it back to the operator for questions.

QUESTIONS AND ANSWERS

Operator: And our first question comes from the line of Nelson Ng with RBC Capital Markets.

Nelson Ng: So just in the U.S., obviously there's better visibility on tax credits, which is great. But can you talk about whether you're seeing any improvements in the pace of permitting, whether at the state or federal level? And are you seeing any changes being made to speed up the pace of power deployment? I know we're hearing a lot about a need for power. But are you seeing any other changes take place?

Connor Teskey: Good morning, Nelson, and thanks for the question. You're right. The biggest dynamic that has spoken about greatly in the United States is just the increased demand for power. In terms of are we seeing things move faster on the ground, we would say incrementally but not dramatically, if we're being candid. Given the size of our platform, that means we are bringing significant amounts of megawatts through into operations on an ongoing basis.

But the bottleneck to growth is not capital, it's not demand, it's execution on the ground level. The one thing we would highlight -- and this is consistent across the United States and I would say markets around the world -- is there is a very clear level of intent from all stakeholders to remedy the situation to accelerate permitting to fast-track approvals.

The intent is there. Progress to date limited, but we are confident that it can only get better from here.

Nelson Ng: And then just on data centers. Obviously the U.S. is a big focus, but given your global platform, can you just talk about regions outside of the U.S. in terms of where you're having discussions about adding additional power for data centers?

Connor Teskey: We wouldn't want to give you an oversimplified answer, but I would say it is almost everywhere. But let's go a little deeper on that. Clearly, the largest concentration of data center build-out is in the United States. Following the United States, it would be Western Europe. So we are seeing a heightened number of conversations there but this does extend to almost every market around the world. We are seeing more conversations around power to data centers in Australia, in India, even in South America. So it is a very consistent topic globally. But to layer a size dynamic on top of that, because of the concentration of build-out, that is largely in the United States, and then Western Europe. That is where we are having the greatest number of those conversations. And maybe just to go a layer deeper on one of the things you said. What's interesting is, clearly, the biggest opportunity is building data centers for hyperscalers, the largest corporates around the world. There is also a secondary opportunity of very meaningful scale, which is to build data centers for countries. Sovereign compute is increasingly a growing source of demand and something we feel we're equally well positioned to support the same way we support data center demand from corporates.

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

Sean Steuart: First question for Connor or Jen. Can you give us an expected timeline, the U.S. build-out associated with the Westinghouse agreement? Just trying to gauge the timeline of expected FFO contribution for BEP. And I guess the question is in the context of the U.S. which has some ambitious timelines for this build-out. How would that compare, what's typical for AP1000 factors in terms of the timeframe?

Connor Teskey: Sure. Thanks for the question, Sean. Maybe just to take a step back, what has the U.S. government looked to do here? And typically, to pull a nuclear reactor out of the ground, you need to work to get alignment and buy-in from a large number of stakeholders, and that takes a large period of time before you can start development and construction. Essentially, what the U.S. government has done and our partnership is a big part of this effort is to say we will backstop all of that.

We want to get shovels in the ground as quickly as possible.

We will facilitate permits, we will facilitate financing. We will facilitate the use of federal lands. So when do we start seeing these reactors begin to be developed and constructed? Almost immediately.

We expect the first reactors, the first projects to begin their development process, I would say, in the next quarter or two. Nobody has taken a breath. We worked from trying to

close the agreement to immediately turning our attention to what can we do to pull the first project out of the ground. So we would expect contributions out of this agreement relatively quickly because as soon as that development process starts, Westinghouse does begin to generate revenues. But now let's put some context around that.

In the Energy Systems division of Westinghouse that Jen described, which is how Westinghouse generates profits from new build reactors, the way to think about it is essentially in the reactor life, there's three stages.

For the first three to four years, it's a development stage where Westinghouse does generate revenues and profits, but they are, I would say, candidly, a little bit more modest.

Once the reactor starts construction, which we would say is probably in year 3, there is a period of heightened profitability for the Energy Systems division of Westinghouse. And that lasts anywhere from three to six years, the time it takes for the plant to be constructed, and that is a very profitable high-margin period for Westinghouse. And then the reactor turns on, and Westinghouse gets an 80-year almost annuity on fuel supply, fuel fabrication and supply and then operating plant maintenance and services contracts.

So we do expect revenues from this contract -- this partnership with the U.S. government to start as quickly as the next couple of quarters, but it will really ramp up I would say, in the 3- to 4-year timeframe.

Sean Steuart: Thanks for that detail, Connor. Second question is with respect to the Santee Cooper project. If Brookfield invests directly, how do you hedge the basis risk around cost overruns or delays in those risks at the BEP level?

Connor Teskey: Certainly.

So maybe just for everyone's benefit, the timing of the U.S. Westinghouse partnership in the Santee Cooper announcement was entirely coincidental. They came a day or two apart. These are separate and distinct processes and opportunities that we are looking at.

And with Santee Cooper, we see an opportunity where Brookfield is potentially very well positioned. Obviously the construction of this facility was started with Westinghouse technology, so it has to finish with Westinghouse technology. So we're well positioned there.

But then importantly, our ability to bring both capital and offtake to the project, consistent with what we do across our broader business, differentiated us and allowed us to be positioned in preferred bidder status, which is where we're at today.

In terms of us investing in the actual build-out and ownership of nuclear reactors, we are only going to do so if we can get the appropriate protections around cost overrun and key nuclear risks and generate the appropriate risk-adjusted returns for this type of activity.

And as such, if we pursue an opportunity like Santee Cooper, we would look to structure our investment to ensure that we have appropriate protections around those key risks, particularly cost overrun risk, and that's something that absolutely is part of our current thinking in terms of that opportunity.

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

Robert Hope: Maybe to follow up on Sean's question. When you think about the build-out of the next phase of nuclear with the partnership with the U.S. government, could Brookfield and BEP potentially be a source of capital there? And under kind of what a framework or protections would you look to be a potential buyer of, we'll call it, backstopped reactors on the U.S. government?

Connor Teskey: Rob, thank you for the question. Perhaps to break it into two parts.

We feel that Brookfield Renewable is extremely well positioned to play a major and significant growth role in the growth of nuclear power, both in the United States and around the world. And that comes from a couple of factors, but maybe to name a few of them.

One, our ownership of Westinghouse. We own the global nuclear champion. As Jen mentioned, 60% of reactors around the world run on Westinghouse technology. Westinghouse already services more than half the global nuclear reactor fleet today. We are very much in the flow of almost every nuclear power generation facility around the world.

Secondly, our relationships with the largest off-takers and consumers of power and our ability to source offtake for these projects, our access to capital and ability to potentially fund these build-outs and then Brookfield's long-established history as a disciplined developer and constructor of large infrastructure and power projects.

What we would say today is we do feel that we are well positioned to pursue opportunities in this space. When it comes to our partnership with the U.S. government, as previously mentioned, the U.S. government is essentially taking the position that they will backstop everything to get these projects started.

But we do think, over time these facilities probably do find a path to landing in the hands of more natural owners, whether that be utilities or IPPs in the market.

In terms of Brookfield's ability to invest and get the protections that we would need in order to be comfortable investing in nuclear power, there's a number of ways that we can do this. You can share cost overrun burdens with the offtakers, i.e., they pay out higher PPA price if the facility overruns. You can share cost overrun burdens with the technology and construction suppliers, and you can also arrange financing that provides incremental liquidity in the event of cost overruns.

So those are the types of levers that we're looking at when considering are we comfortable investing in the construction and ownership of nuclear, again, ensuring we're only going to do this if we think we can get the right protections.

But based on what we're seeing in the market, we do think there will be considerable opportunities for us in this space.

Robert Hope: All right. Appreciate that. And then maybe pivoting over to the Microsoft Renewable Energy Framework. Can you walk us through the factors that led to contracting the existing hydro asset versus building new wind and solar? And could we see some additional hydro deals with Microsoft?

Connor Teskey: So our Microsoft framework agreement from a couple of years ago always considered the inclusion of hydro. So this does not feel overly unnatural. And could more hydro be introduced in the future? Absolutely. What we think it speaks more to is just the broader dynamic we're seeing around demand for our hydro generation, whether it be through our hydro-specific framework agreement with Google, or the recent contracting of a hydro facility in PJM directly with Microsoft. So our framework agreement always included other technologies including hydro, and we could see more of it in the future, absolutely.

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

Mark Jarvi: Connor, you mentioned having the U.S. government backstop the new builds.

So would they be all the cost overruns? And I guess since that framework has been identified, have you had engagement with other stakeholders like EPC firms, utilities and off-takers to say whether or not they're on board with that framework agreement to get moving ahead?

Connor Teskey: So I think we need to separate out two things there. In the situation under the U.S. government partnership, Westinghouse is not an owner of those facilities. We are simply the provider of the engineering, design and technology services. We are essentially the critical component provider to the build-out of those facilities. And the cost overrun risk in the financing responsibilities of those facilities fits entirely with the U.S. government. And that is the construct of the facility. Could that create opportunities in the future, should the U.S. government look to bring partners into specific projects? Perhaps. But that has not been discussed or agreed at this point. It's only in context of something like Santee Cooper, which is a live opportunity outside the construct of our partnership with the U.S. government, where we're considering ways to socialize cost overruns to get the protections that we are seeking that would get us comfortable for investment.

And in that regard, in terms of conversations with construction companies, technology suppliers, off-takers, financing providers, yes, there has been a very warm reception to

this idea of everyone participating to reduce the burden, but create a large growth opportunity for a large set of market participants.

Mark Jarvi: No. I wasn't inferring that you would take the risk, but there's been hesitancy by other participants to maybe get involved because they don't want to shoulder the risk. I'm just curious if the U.S. government has alleviated all the concerns for other stakeholders potentially?

Connor Teskey: I wouldn't say it's our job to speak on behalf of the U.S. government, but maybe to be a little bit more helpful, we are obviously very central to a lot of the discussions around new nuclear in the United States right now given our position with Westinghouse.

And we would see the tone from construction providers, technology providers, offtake providers and even capital providers including Department of Energy and Loan Program Office of the U.S. government, all have been very constructive and positive of the idea of participating in the build-out of new nuclear with some socialization of cost overrun protections. And we -- obviously nothing has been signed, and we're early stages on these opportunities, but the demand and willingness from the necessary stakeholders is very robust.

Mark Jarvi: And then in terms of moving from the term sheet to buy in agreement, is that something that could be done by year-end? Or is that sort of mid- to late first quarter of 2026?

Connor Teskey: So -- perhaps just to be clear, are you speaking about the U.S. government opportunity?

Mark Jarvi: Yes. The government opportunity.

Connor Teskey: Yes. So we expect that to be done within 90 days of the signing of the announcement two weeks ago. So I guess that positions us to right around year-end.

Operator: And our next question comes from the line of Mark Strouse with JPMorgan.

Mark Strouse: Connor, I appreciate you don't want to speak on behalf of the U.S. government. But to the extent that you're able to share this, do you think the government is more committed to the $80 billion back -- are they more committed to the 10 reactors? Basically, I appreciate that you're not taking the risk of the overruns or probably, that potential cost overruns. But to the extent that there are overruns, would the $80 billion be kind of a fixed number, but there would just be fewer reactors that get built?

Connor Teskey: So our agreement is around $80 billion of reactor contracts, that would be the initial order prior to any cost overruns.

But maybe to take a step back and here, again, it's not our position to speak on behalf of the U.S. government.

But I think we can say with confidence, this government is very committed to catalyzing the growth of nuclear power generation and the supply chain that supports it in the United States.

They are not -- I would be extremely confident in saying they are not focused on a specific number of reactors. They are not overly focused on is it $80 billion or $82 billion or $78 billion.

What they want to see is the U.S. be the leading provider of nuclear power generation in the world, and they are going to lead to a build-out of both domestic supply chain and domestic nuclear power generation reactors and also a very meaningful increase in the export of U.S. nuclear technology to other regions around the world.

One thing -- and apologies for being redundant -- that we feel we cannot stress enough about our partnership with the U.S. government is, yes, the $80 billion of reactor orders is very beneficial to Westinghouse.

We're thrilled with that part of the agreement. But what this really does is kickstart the flywheel of nuclear power generation growth, both in the United States and around the world. And we expect it will lead to the development of a significant number of reactors outside of this partnership with the U.S. government, with Westinghouse beating the leading technology provider of those new build reactors on a global basis. And that's in Europe, that's around the world in addition to the $80 billion of reactors from the U.S. government.

Mark Strouse: Got it. I appreciate what you said earlier about the revenue during the different three stages. Can you talk about how we should be thinking about the margin during each of those stages, either on EBITDA or FFO?

Connor Teskey: Sure. So Westinghouse, the way to think about it is the Energy Systems division of Westinghouse typically operates at least a 20% margin during the development and construction period of a facility. That may fluctuate year-to-year.

But over the life of this facility, about 20% margins historically in the Energy Systems division. We expect those margins to go up with economies of scale on the back of an order of this size. But historically, it's been about 20% margins, and we would expect that to almost be the floor going forward.

Operator: And our next question comes from the line of Baltej Sidhu with National Bank of Canada.

Baltej Sidhu: Connor, have there been any changes in your perspective regarding the eligibility of projects in your U.S. development pipeline through 2029 for federal tax credits?

Connor Teskey: Certainly. Two key points there. Obviously there has been greater clarity around safe harboring. And as we mentioned, I believe, on our previous call we have safe harbored the entirety of our U.S. development pipeline out to 2029.

We feel very comfortable about our position there. The second consideration there is obviously in and around FEOC. There really isn't much more clarity at this time around the specifics of the FEOC definitions. We continue to monitor. We do expect, as those definitions are released and in the event that those definitions do become stricter similar to other regulatory changes, those changes will likely favour large players such as ourselves who are well positioned with our global supply chains, our centralized procurement functions and our relationships with domestic U.S. suppliers.

So what we would say is on the safe harboring side. We feel in a great position. And on the FEOC side, we continue to wait, and we'll react accordingly. But similar to other regulatory changes, we expect it to be manageable within our portfolio.

Baltej Sidhu: And just on the asset rotation side of the business, just given the need for power and coupled with the current policy and macro backdrop, how are you seeing valuations trend in the private markets relative to the public? And if you can give any color on jurisdiction, no breakdown, whether it's Europe and rest of the world, that would be great.

Connor Teskey: Thank you for the question. In no uncertain terms, the demand and valuations for recently built contracted high-quality operating cash-generative renewables assets is significantly higher in the private markets than the public markets right now. And we would classify the demand for those assets as very robust. We feel perhaps that we've increased our capital recycling activities in that regard over the last 12 months.

I would say we're just getting started. We're in the early innings of accelerating our capital recycling opportunities and capital recycling activities to take advantage of that dynamic as one, we are bringing more new build projects through COD each year through our growing development capabilities; and two, a growing demand for acquisition of these assets at attractive prices in the broader market.

Obviously this quarter, we've done some recycling of assets, particularly in the United States. Through Neoen, we've been doing it on a global basis. We would say with a strong degree of confidence given processes that are currently ongoing, we would expect to see significant asset recycling activities in North America, Western Europe, Australia and India, I would say, over the next two to three quarters. That's probably where the bulk of our monetization activity is currently planned.

Operator: Your next question comes from the line of Benjamin Pham with BMO.

Benjamin Pham: I had a couple of follow-up questions on the nuclear deployment strategy. Can you talk about potentially in the next five years context, what do you think nuclear is going to be as a percentage of your business? Is it potentially a new business line that you can break out? And maybe just related to that, it might be a bit of an odd question to just -- given what you mentioned. Is there any sort of like internal constraints on how big that exposure could be for renewable?

Connor Teskey: There's certainly no constraints. As we do across our broader business, we'll allocate capital to where we see the best risk-adjusted returns across our business. And if that happens to be in nuclear, we could see ourselves over-allocate to that space. I would highlight, yes, there were a lot of headlines around nuclear in the quarter.

I think that's probably an understatement. However, our core businesses of hydro are producing perhaps better than they ever have and the demand we're seeing for contracting there that certainly at its highest level that we've ever seen in our wind and solar business also continues to accelerate. Today, when we look at the FFO of Brookfield, I think Westinghouse and nuclear represents about 5%. We would expect that to grow over time.

It's got a long way to run before it overtake something like our hydro FFO that is north of 40%. So could we see nuclear grow from its current position? Absolutely.

But it's going to grow in proportion to a business that's seeing growth across essentially every sector that we operate.

Benjamin Pham: Okay. Got it. And then switching to the Santee opportunity. I know you're looking to derisk construction as much you can. But can you talk high level just for the nuclear opportunity, where is fits in the target return? Is it that 12% to 15%? Are you targeting above that? And then related to that, how do you think about the synergies of Westinghouse potential on the services side in a total return?

Connor Teskey: So across Brookfield Renewable, we target 12% to 15% returns on a blended basis. Obviously our long-term contracted operating assets are probably at the low end or potentially even below that. When we look to do construction and development, even if it's in solar, we target north of 15% return.

So if we're looking at nuclear, we are certainly going to be well and meaningfully above our 12% to 15% return target for the business for that sector. So absolutely, higher returns relative to some of the other asset classes that we focus on.

In terms of Westinghouse and what it provides for us, Westinghouse as a stand-alone business is extremely well positioned to participate in the growth of nuclear in a number of ways. Even if a reactor is not a Westinghouse technology, Westinghouse is likely to benefit from its fuel fabrication business and its operating plan services business, even if

it's not a Westinghouse technology. So any growth in the nuclear segment around the world, Westinghouse benefits from.

Obviously the new build of Westinghouse reactors is incredibly beneficial to Westinghouse, which is why we're so excited about some of the ongoing opportunities.

But then thirdly, there are very few people, if any, who have the knowledge and experience of Westinghouse when assessing new nuclear opportunities around the world. We think our ownership of Westinghouse provides an undeniable competitive advantage and expertise when we assess new opportunities in this space.

However when we do assess those opportunities, we would not blend Westinghouse's economics with the returns on capital that we would expect to generate as an owner and constructor of a new facility. Westinghouse would have to make an appropriate margin on its services, and we would have to make an appropriate return on capital. We would not socialize those two things in order to justify a transaction.

Benjamin Pham: Okay. Got it. That's what I was thinking, I just wanted to clarify. I know nuclear has got a lot of ways to go. Do you think, though, like dollar for dollar, if you look at the new side of things, is it in a sense of the best reward right now? Because it sounds like the returns are above your targets. And then were not a lot of comps out there, but we're seeing new exposure trades like 20x, 30x EBITDA.

Connor Teskey: Similar to how we approach every part of our business, we're going to take a long-term view to value creation. And there is certainly a lot of excitement around nuclear around the world. We think a lot of it is warranted due to the growing demand for clean, dispatchable baseload power and nuclear as one of, if not the only incremental scale provider of that type of electricity.

But we're only going to put money to work where we see attractive returns on capital. We obviously will look to capitalize on opportunities in the market if we're seeing great prices for our assets or our businesses.

But right now we think we are in the early innings of a multi-decade build-out of nuclear power generation that fortunately, through our ownership of Westinghouse and now our partnership with the U.S. government, we think we are in the pole position on. And our focus here is capitalizing on that position and driving long-term earnings growth in our business for years and decades to come. And we think that's the best way to create huge amounts of value to BEP in the future.

Operator: Thank you. I'll now hand the call back over to CEO, Connor Teskey, for any closing remarks.

Connor Teskey: Thank you, everyone, for joining our Q3 earnings call and your continued support and interest in Brookfield Renewable. We look forward to speaking to

you at the end of the next quarter for our year-end 2025 results. Thank you, and have a great day.

Operator: Ladies and gentlemen, thank you for participating. This does conclude today's program and you may now disconnect.