



Brookfield Renewable Partners L.P.

2020 ANNUAL REPORT

Our Operations

We invest in renewable assets directly, as well as with institutional partners, joint venture partners and through other arrangements. Our portfolio of assets has approximately 19,000 MW of capacity and annualized LTA generation of approximately 56,300 GWh, in addition to an approximately 23,000 MW development pipeline, making us one of the largest pure-play public renewable companies in the world. We leverage our extensive operating experience to maintain and enhance the value of assets and grow cash flows on an annual basis. We cultivate positive relations with local stakeholders. The table below outlines our portfolio as at December 31, 2020:

	River Systems	Facilities	Capacity (MW)	LTA ⁽¹⁾ (GWh)	Storage Capacity (GWh)
Hydroelectric					
North America					
United States.....	31	140	3,148	13,503	2,523
Canada.....	18	29	1,098	3,656	1,261
	49	169	4,246	17,159	3,784
Colombia.....	6	6	2,732	14,485	3,703
Brazil.....	27	44	946	4,924	—
	82	219	7,924	36,568	7,487
Wind					
North America					
United States ⁽²⁾	—	27	2,075	6,926	—
Canada.....	—	4	483	1,437	—
	—	31	2,558	8,363	—
Europe.....	—	43	1,015	2,211	—
Brazil.....	—	19	457	1,950	—
Asia.....	—	9	660	1,650	—
	—	102	4,690	14,174	—
Solar – utility ⁽³⁾	—	82	2,050	4,318	—
Energy Transition					
Distributed generation ⁽⁴⁾	—	4,912	912	1,202	—
Storage & other ⁽⁵⁾	2	9	3,268	—	5,220
	2	4,921	4,180	1,202	5,220
	84	5,324	18,844	56,262	12,707

⁽¹⁾ LTA is calculated based on our portfolio as at December 31, 2020, reflecting all facilities on a consolidated and an annualized basis from the beginning of the year, regardless of the acquisition, disposition or commercial operation date. See Item 5.A “Part 9 – Presentation to Stakeholders and Performance Measurement” for an explanation on our methodology in computing LTA and why we do not consider LTA for our pumped storage and certain of our other facilities.

⁽²⁾ Includes a battery storage facility in North America (10 MW).

⁽³⁾ Includes three solar facilities (19 MW) in Asia that have been presented as Assets held for sale.

⁽⁴⁾ Includes nine fuel cell facilities in North America (10 MW).

⁽⁵⁾ Includes pumped storage in North America (600 MW) and Europe (2,088 MW), four biomass facilities in Brazil (175 MW), one cogeneration plant in Colombia (300 MW), and one cogeneration plant in North America (105 MW).

The following table presents the annualized long-term average generation of our portfolio as at December 31, 2020 on a **consolidated** and quarterly basis:

GENERATION (GWh)⁽¹⁾	Q1	Q2	Q3	Q4	Total
Hydroelectric					
North America					
United States.....	3,794	3,918	2,525	3,266	13,503
Canada.....	841	1,064	873	878	3,656
	4,635	4,982	3,398	4,144	17,159
Colombia.....	3,315	3,614	3,502	4,054	14,485
Brazil.....	1,215	1,228	1,241	1,240	4,924
	9,165	9,824	8,141	9,438	36,568
Wind					
North America					
United States.....	1,877	1,851	1,392	1,806	6,926
Canada.....	400	345	273	419	1,437
	2,277	2,196	1,665	2,225	8,363
Europe.....	667	495	425	624	2,211
Brazil.....	371	494	606	479	1,950
Asia.....	368	439	454	389	1,650
	3,683	3,624	3,150	3,717	14,174
Solar – utility ⁽²⁾	896	1,268	1,325	829	4,318
Energy Transition.....	239	366	362	235	1,202
Total.....	13,983	15,082	12,978	14,219	56,262

⁽¹⁾ LTA is calculated based on our portfolio as at December 31, 2020, reflecting all facilities on an annualized basis from the beginning of the year, regardless of the acquisition, disposition or commercial operation date. See Item 5.A “Part 9 – Presentation to Stakeholders and Performance Measurement” for an explanation on our methodology in computing LTA and why we do not consider LTA for our pumped storage and certain of our other facilities.

⁽²⁾ Includes three solar facilities (19 MW) in Asia that have been presented as Assets held for sale.

The following table presents the annualized long-term average generation of our portfolio as at December 31, 2020 on a **proportionate** and quarterly basis:

GENERATION (GWh)⁽¹⁾	Q1	Q2	Q3	Q4	Total
Hydroelectric					
North America					
United States.....	2,614	2,805	1,819	2,293	9,531
Canada.....	619	775	624	619	2,637
	3,233	3,580	2,443	2,912	12,168
Colombia.....	798	870	843	978	3,489
Brazil.....	988	998	1,009	1,009	4,004
	5,019	5,448	4,295	4,899	19,661
Wind					
North America					
United States.....	971	970	738	934	3,613
Canada.....	376	328	261	394	1,359
	1,347	1,298	999	1,328	4,972
Europe.....	375	281	236	347	1,239
Brazil.....	126	168	210	165	669
Asia.....	99	118	121	104	442
	1,947	1,865	1,566	1,944	7,322
Solar – utility ⁽²⁾	364	611	640	326	1,941
Transition.....	144	224	222	142	732
Total.....	7,474	8,148	6,723	7,311	29,656

⁽¹⁾ LTA is calculated based on our portfolio as at December 31, 2020, reflecting all facilities on an annualized basis from the beginning of the year, regardless of the acquisition, disposition or commercial operation date. See Item 5.A “Part 9 – Presentation to Stakeholders and Performance Measurement” for an explanation on our methodology in computing LTA and why we do not consider LTA for our pumped storage and certain of our other facilities.

⁽²⁾ Includes three solar facilities (19 MW) in Asia that have been presented as Assets held for sale.

Statement Regarding Forward-Looking Statements and Use of Non-IFRS Measures

This Annual Report contains forward-looking information within the meaning of U.S. and Canadian securities laws. We may make such statements in this Annual Report and in other filing with the U.S. Securities and Exchange Commission (“SEC”) and with securities regulators in Canada – see “PART 10 – Cautionary Statements”. We make use of non-IFRS measures in this Annual Report – see “Part 10 – Cautionary Statements”. This Annual Report, our Form 20-F and additional information filed with the SEC and with Securities regulators in Canada are available on our website at <https://bep.brookfield.com>, on the SEC’s website at www.sec.gov or on SEDAR’s website at www.sedar.com.

Letter to Unitholders

2020 was another year of significant growth for our business. Despite the economic challenges around the world, we delivered record results and continued to broaden our operations, as we look forward to a multi-decade opportunity to advance decarbonization and assist with the transition of global electricity grids to a more sustainable future.

Advancing the transition to a lower carbon future will require substantial capital – in excess of \$100 trillion over the next three decades – and will require significant expertise. Over 70% of the world's carbon emissions can be traced directly or indirectly back to power generation and the energy sector. This will translate into an even greater buildout of renewables—and in various regions, a substantial conversion of carbon-intensive industries to cleaner and more sustainable methods of production.

Our size, scale across multiple technologies, and depth of operating and development expertise continues to be a meaningful differentiator in sourcing growth opportunities. In the last quarter alone:

- In the United States, we continued to build the largest distributed generation business in the country, with over 2,000 megawatts of operating and development solar. This business helps commercial and industrial customers procure renewable power that is produced directly on site, decarbonizing their businesses by reducing their consumption from fossil fuel-based power.
- In Canada, we invested in a large power producer looking to reduce its carbon emissions in order to meet federal carbon targets. Further, we partnered with a utility to pursue green hydrogen opportunities, leveraging our existing fleet of hydro facilities.
- In Europe, we are building new wind farms, backed by long term contracts with leading global technology companies, who are looking to support an increasing carbon-free electricity requirement of green data centres, and global energy companies, that are looking to transition their businesses. We are also investing in off-shore wind development in scale.
- In Brazil, we started construction on one of the largest greenfield solar projects in the world. This solar park will total 1,200 megawatts once completed and will sell power to commercial customers as well as utilities in the country.
- Lastly, we increased the size of our global development pipeline to almost 23,000 megawatts. Development is a core competitive advantage of ours, extending across solar, wind, hydro, distributed generation, and storage in every market we operate within.

While we have a tremendous opportunity ahead of us, we remain focused on delivering shareholders strong results. We are pleased that over the last 20 years we have generated an annualized 20% per share compounded total return, while maintaining a very strong balance sheet and robust liquidity position.

Equally as important, we continue to be a leader in accelerating decarbonization globally and our total portfolio of approximately 42,000 megawatts of operating and under development assets (once completed) will help avoid approximately 56 million tonnes of CO₂e emissions annually – or the equivalent of planting almost a billion trees!

Given our strong outlook and financial position, we are also pleased to announce a 5% increase to our distribution to \$1.215 per unit on an annualized basis.

Highlights for the year include:

- Generated FFO of \$807 million, a 6% increase from prior year, the highest FFO per unit ever for our business, led by strong asset availability and contributions from acquisitions;
- Advanced key commercial priorities, including delivering on almost \$40 million of cost saving initiatives, securing contracts to deliver 3,500 gigawatt hours of clean energy annually (which has the equivalent carbon avoidance of planting almost 30 million trees), and signing a number of strategic contracts with corporate offtakers;
- Agreed to invest ~\$4.6 billion (~\$2.5 billion net to Brookfield Renewable) of equity across ten transactions, deploying capital in every major market we operate;
- Completed the merger of TerraForm Power, consolidating our activities in North America and Europe;
- Commissioned approximately 460 megawatts of new capacity and progressed close to 4,200 megawatts through construction and advanced-stage permitting;
- Maintained a strong balance sheet and bolstered our liquidity, with over \$3.3 billion of available liquidity, raising over \$1 billion from asset recycling initiatives, closing \$3.4 billion of investment-grade financings, and extending the average duration of our corporate debt from 10 to 14 years; and
- Broadened our investor base with the creation of BEPC and through our addition to several U.S. and global indices.

Update on Growth Initiatives

In December, we agreed to acquire Exelon Generation Company's U.S. distributed generation (DG) business comprising 360 megawatts of operating generation across nearly 600 sites with an additional over 700 megawatts under development for \$810 million. In 2017, we took our first step into DG with an acquisition after having identified a significant opportunity to build a high-quality scale business in a highly fragmented and rapidly growing market. Since then, through both acquisitions and organic initiatives, we have expanded the business as demand for on-site generation continued to grow as cost declines in solar technology and decarbonization ambitions of commercial and industrial clients accelerated.

With this acquisition, we will own one of the leading distributed generation businesses in the U.S., with deep operating, development and origination capabilities, and a 2,000 megawatt portfolio that generates high-quality contracted cash flows that are diversified by geography and customer. This investment represents the continuation of this strategy and furthers our goal of offering corporates and other institutions a 'one-stop' solution for on- and off-site energy generation, storage and procurement, and energy efficiency services to help them achieve their decarbonization objectives and transition to a lower carbon future.

In December, we agreed to acquire the Shepherds Flat wind farm, an 845 megawatt fully contracted wind generation facility located in Oregon for \$700 million. The project, which is fully contracted with a high-quality offtaker, is one of the largest onshore wind projects in the United States and includes an attractive repowering opportunity that we expect to deliver by the end of 2022. This repowering opportunity is one of the largest in the world and is expected to increase total generation by approximately 25% increasing the clean energy produced by approximately 400 gigawatt hours annually. Having the expertise to undertake a project of this size showcases our decades of expertise to drive operational efficiencies while generating attractive returns.

We also continue to use our differentiated operating and commercial capabilities to acquire ready-to-build development assets in Brazil at premium returns. In December, we agreed to acquire a 270 megawatt late-stage development wind project, including an option over a further 200 megawatt expansion. Ahead of construction, we intend to leverage our energy marketing capabilities to contract the project, which is located in one of the highest wind regions in the country. Our relationships with global turbine manufacturers, as one of the largest acquirers globally, should enable us to outperform on equipment procurement, installation and operating costs. With this latest addition, in the last 18-months, we have acquired a collection of projects that once constructed, will represent a combined portfolio of over 2,000 megawatts of long-term contracted wind and solar assets, more than doubling our renewable energy capacity in the country.

Results from Operations

In 2020, we generated FFO of \$807 million, a 6% increase from prior year, as the business benefited from recent acquisitions, strong underlying asset availability, and execution on organic growth initiatives. On a normalized basis, our per unit results are up 23%.

During the year, our hydroelectric segment delivered FFO of \$662 million. Although we experienced some drier conditions across our fleet, particularly in regions with higher value contracts, overall generation for the year was in line with the long-term average and our reservoirs are well positioned for a strong first quarter, which underscores the benefit of our diverse portfolio.

Our wind and solar segments continue to generate stable revenues and benefit from the diversification of our fleet and highly contracted cash flows with long duration power purchase agreements. During the year, these segments generated a combined \$376 million of FFO, representing a 51% increase over the prior year, as we benefited from contributions from acquisitions, and approximately 440 megawatts of solar and wind projects commissioned during the year.

Our energy transition segment generated \$103 million of FFO during the year as our portfolio continues to help commercial and industrial partners achieve their decarbonization goals and provides critical grid-stabilizing ancillary services and back-up capacity required to address the increasing intermittency of greener electric grids. For example, our First Hydro storage portfolio achieved five of its highest revenue days ever in the last couple months as we sold essential stabilizing services to the UK power grid in response to high demand from cold weather and intermittently low wind generation levels.

Across our portfolio, we continue to focus on partnering with a broad range of customers in their decarbonization efforts. During the year, we executed agreements to supply 100% renewable energy to one of the first planned industrial-scale green hydrogen production plants in North America with Plug Power and over 90% of JPMorgan's real estate operations in New York State. In South America, our focus continues to be on extending the average duration of our power purchase agreements, which today stand at 8 years in Brazil and 3 years in Colombia. We signed two long-term inflation-linked power purchase agreements for our recently acquired solar development projects in Brazil, substantially contracting these assets.

In recent months, many governments in our target markets have outlined new policies to address climate change. In North America, where the majority of our hydro fleet is located, governments are increasingly considering potential carbon pricing mechanisms, for which our business is uniquely positioned to benefit. As examples, the current U.S. administration has re-established a working group that is expected to increase the social cost of carbon to more than \$50 per tonne and in Canada a carbon tax has been set at \$30 per tonne for 2020 and is set to increase almost 6 times to \$170 by 2030. Carbon taxes or carbon pricing provide long-term support for growing wind and solar capacity, which also increases the value of our hydroelectric power facilities due to their dispatchable nature and the grid-stabilizing services they can provide.

While we always prioritize contracted generation, for our perpetual hydroelectric facilities, we always look to ensure we retain upside optionality for when we believe prices will improve. Across our hydroelectric fleet in North America, we have contracts rolling off for assets that primarily deliver power to markets in the U.S. northeast. Fortunately, these contracts, on a net basis, deliver power at prices in the range of the current market. Therefore, on renewal, we expect minimal impact to our overall revenue, while retaining meaningful potential upside should prices see future support from carbon pricing mechanisms.

Finally, we continued to advance our global development activities, including progressing 2,789 megawatts of construction diversified across distributed- and utility-scale solar, wind, storage, and hydro in over 11 different countries. We are also progressing 1,394 megawatts of advanced-stage projects through final permitting and contracting. In total, we expect these projects to contribute approximately \$109 million in FFO net to Brookfield Renewable on a run-rate basis when completed.

Balance Sheet and Liquidity

We continue to maintain a robust financial position. We have approximately \$3.3 billion of total available liquidity, and our investment grade balance sheet has no material maturities over the next five years and approximately 82% of our financings are non-recourse to Brookfield Renewable.

During 2020, we continued to take advantage of the low interest environment and executed on \$3.4 billion of investment grade financings, extending our average corporate debt maturity to 14 years and reducing our borrowing costs by \$5 million per year. We continue to advance our green financing strategy to benefit from growing demand for green securities and diversify our debt investor base.

Environmental, Social and Governance (ESG)

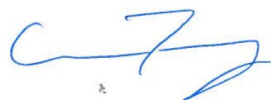
Operating a business with strong ESG principles is simply the right thing to do, and we have always believed that strong ESG practices drive long-term value to our business and create higher barriers to entry. Inherent in our position as one of the largest publicly traded renewable energy companies, is the understanding that climate change poses a serious threat to communities, businesses and ecosystems around the world. We have established ourselves as one of the preeminent renewables franchise and are playing a critical role in addressing climate change and reducing carbon across the world by shifting power generation, which accounts for more than 70% of global carbon emissions, to a sustainable pathway for the future. To demonstrate our commitment, we were proud to announce in our second ESG report, which was published today, our ambition to double our avoided carbon emissions by 2030.

Outlook

With our scale, track record and global capabilities, we are well situated to partner with governments and businesses to help them achieve their goal of greening the global electricity grids. We believe the prospects for the growth of our business are better than they have ever been, and we look forward to further opportunities to provide capital and solutions to drive decarbonization.

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

Sincerely,



Connor Teskey
Chief Executive Officer
February 4, 2021

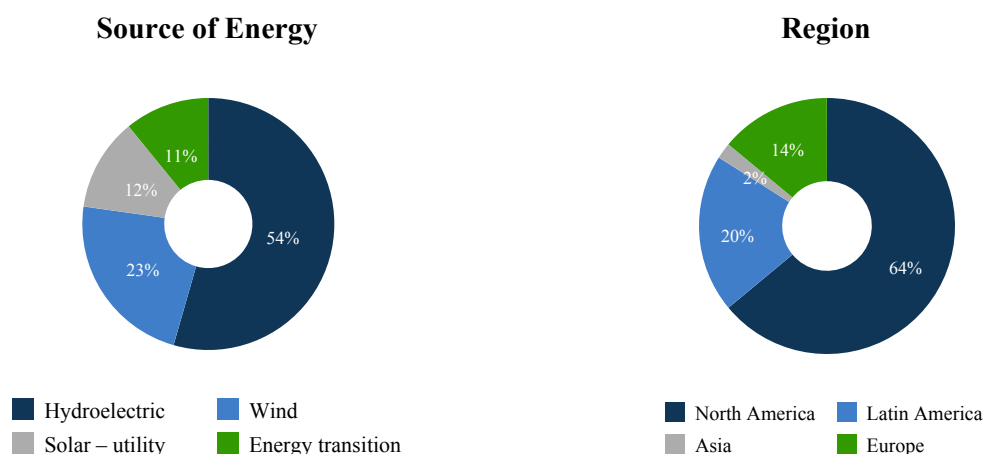
OUR COMPETITIVE STRENGTHS

Brookfield Renewable Partners L.P. (“Brookfield Renewable”) is a globally diversified, multi-technology, owner and operator of renewable power assets.

Our business model is to utilize our global reach to acquire and develop high quality renewable power assets below intrinsic value, finance them on a long-term, low-risk and investment grade basis through a conservative financing strategy and then optimize cash flows by applying our operating expertise to enhance value.

One of the largest, public pure play renewable businesses globally. Brookfield Renewable has a 20-year track record as a publicly traded operator and investor in the renewable power sector. Today we have a large, multi-technology and globally diversified portfolio of pure-play renewable assets that are supported by approximately 3,000 experienced operators. Brookfield Renewable invests in renewable assets directly, as well as with institutional partners, joint venture partners and through other arrangements. Our portfolio consists of approximately 19,000 MW of installed capacity largely across four continents, a development pipeline of approximately 23,000 MW, and annualized long-term average generation on a proportionate basis of approximately 29,700 GWh.

The following charts illustrate revenue on a proportionate basis⁽¹⁾:



⁽¹⁾ Figures based on normalized 2020 revenue, proportionate to Brookfield Renewable. Includes all signed transactions (which are expected to close in Q1 2021).

Helping to accelerate the decarbonization of the electricity grids. Climate change is viewed as one of the most significant and urgent issues facing the global economy, posing immense risks to social and economic prosperity. In response, governments and businesses have adopted ambitious plans to support a transition to a decarbonized economy. We believe that we are well positioned to deliver investment solutions in support of decarbonization and transition. With our scale and global operating, development and investing capabilities, we are well situated to partner with governments and businesses to help them achieve their goal of greening the global electricity grids.

Stable, diversified and high-quality cash flows with attractive long-term value for LP unitholders. We intend to maintain a highly stable, predictable cash flow profile sourced from a diversified portfolio of low operating cost, long-life hydroelectric, wind and solar assets that sell electricity under long-term, fixed price contracts with creditworthy counterparties. Approximately 84% of our 2021 proportionate generation output is contracted to public power authorities, load-serving utilities, industrial users or to Brookfield. Our PPAs have a weighted-average remaining duration of 14 years, on a proportionate basis, providing long-term cash flow visibility.

Strong financial profile and conservative financing strategy. Brookfield Renewable maintains a robust balance sheet, strong investment grade rating, and access to global capital markets to ensure cash flow resiliency through the cycle. Our approach to financing is to raise the majority of our debt in the form of asset-specific, non-recourse borrowings at our subsidiaries on an investment grade basis with no financial maintenance covenants. Approximately 90% of our debt is either investment grade rated or sized to investment grade. Our corporate debt to total capitalization is 17% and approximately 85% of our borrowings are non-recourse. Corporate borrowings and non-recourse borrowings each have weighted-average terms of approximately 14 years, with no material maturities over the next five years. Approximately 90% of our financings are fixed-rate, and only 4% of our debt in North America and Europe is exposed to changes in interest rates. Our available liquidity as at December 31, 2020 is approximately \$3.3 billion of cash and cash equivalents, investments in marketable securities and the available portion of credit facilities.

Best-in class operating expertise. Brookfield Renewable has approximately 3,000 experienced operators and over 140 power marketing experts that are located across the globe to help optimize the performance and maximize the returns of all our assets. Our expertise in operating and managing power generation facilities span over 100 years and include full operating, development and power marketing capabilities.

Well positioned for cash flow growth. We are focused on delivering resilient, stable distributions plus meaningful growth through all market cycles by driving cash flow growth from existing operations, fully funded by internally generated cash flow, including inflation escalations in our contracts, margin expansion through revenue growth and cost reduction initiatives, and building out our approximately 23,000 MW proprietary development pipeline at premium returns. While we do not rely on acquisitions to achieve our growth targets, our business seeks upside through engagement in mergers and acquisitions on an opportunistic basis. We employ a contrarian strategy, and our global scale and multi-technology capabilities allow us to rotate capital where it is scarce in order to earn strong risk-adjusted returns. We take a disciplined approach to allocating capital into development and acquisitions with a focus on downside protection and preservation of capital. In the last five years, we have deployed approximately \$5 billion in equity as we have invested in, acquired, or commissioned approximately 14,500 MW across hydroelectric, wind, solar and storage facilities. Our ability to develop and acquire assets is strengthened by our established operating and project development teams across the globe, strategic relationship with Brookfield, and our liquidity and capitalization profile. We have, in the past, and may continue in the future to pursue the acquisition or development of assets through arrangements with institutional investors in Brookfield sponsored or co-sponsored partnerships.

Attractive distribution profile. We pursue a strategy which we expect will provide for highly stable, predictable cash flows ensuring a sustainable distribution yield. We target a long-term distribution growth rate in the range of 5% to 9% annually.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) MANAGEMENT

Introduction

At Brookfield Renewable, we have over 120 years of experience operating critical, long-duration electricity assets. With this depth of experience comes the understanding that maintaining a social license to operate is central to preserving capital, mitigating risk, and creating long-term value. Fundamentally, strong ESG practices drive further economic value to our business and inherently create higher barriers to entry. Most importantly, operating a business with strong ESG principles is just the right thing to do. As such, we integrate relevant ESG considerations into our investing and operating strategies. We believe this philosophy creates an inherent alignment of interest between us and our partners, investors and stakeholders.

As one of the largest owners, operators and investors in renewable power assets globally, we are helping to accelerate the decarbonization of electricity grids. Our carbon footprint is one of the lowest in the sector, and our annual generation of 56 terawatt-hours avoids approximately 26 million tonnes of carbon dioxide emissions annually. We offer public investors access to one of the largest public, pure-play renewable power companies globally. As one of the largest issuers of green bonds globally, we offer debt investors the ability to invest in our renewable power portfolio or in assets directly. Finally, we offer customers the ability to procure renewable generation across multiple technologies.

We are key partners to all our stakeholders, and as operators of critical infrastructure, maintaining socially responsible practices - from health and safety to community relations to environmental protection - is a critical component of operations. We have a health, safety and environmental incidents culture focused on zero high-risk incidents, being events that could have resulted in serious injuries to people or severe impacts to our operations or the environment. We actively engage with community groups that might be affected by our actions to ensure that their interests, safety and well-being are appropriately integrated into our decision-making, and we use our resources to contribute directly to projects, non-profit organizations, and recreational and educational programs.

We operate with the highest ethical standards, conducting our business with integrity. We aim for best practice, not basic compliance. We are also strengthening our practices to ensure that our ESG strategy is scalable by formalizing additional ESG principles into the strategic planning of each business, and in our regular reporting on ESG initiatives to our Board of Directors.

As our business grows, our ESG strategy will continue to evolve with it, and we remain focused on identifying and implementing new processes to continue to identify and track areas for potential improvement. Furthermore, we recognize that it is important to effectively communicate our ESG initiatives to our investors, because it increasingly influences their decisions. As such, we are proud to announce that we have published our inaugural ESG report, which is available on our website, that, among other things, illustrates the on-the-ground work we do to maintain our social license to operate.

Our ESG Principles

Our ESG Principles are summarized in the following table:

Mitigate the Impact of our Operations on the Environment	Environmental Stewardship: Strive to minimize the environmental impact of our operations and improve our efficient use of resources over time.
Ensure the Well-Being and Safety of Employees	Employee Well-Being: Meet or exceed all applicable labor laws and standards in jurisdictions where we operate, which includes respecting human rights, offering competitive wages and implementing non-discriminatory, fully inclusive hiring practices. Health & Safety: Aim to have zero high-risk incidents within our businesses by working towards implementing consistent health and safety principles across the organization.
Be Good Stewards in the Communities in Which We Operate	Community Engagement: Engage with community groups that might be affected by our actions to ensure that their interests, safety and well-being are appropriately integrated into our decision-making. Philanthropy: Encourage our employees to participate in and give back to the communities in which we operate.
Conduct Business According to the Highest Ethical and Legal/Regulatory Standards	Governance, Ethics and Fairness: Operate with high ethical standards by conducting business activities in compliance with applicable legal and regulatory requirements, and with our Code of Business Conduct and Ethics. Transparency: Be accessible to our investors and stakeholders by being responsive to requests for information and timely in our communication.

ESG in our Investment Process

To formally incorporate ESG diligence into our investment process, we undertake the following steps for each potential investment:

1. **Due Diligence**
 - a Utilize internal ESG guidelines to define project scope and conduct initial screen of ESG issues
 - b Identify the material ESG factors relevant to the potential investment's industry
 - c Ensure compliance with ESG standards using internal experts or external consultants via a review of available information and documents and by site visits
 - d Determine the impact of material ESG factors on underwriting assumptions and provide required disclosures in the investment committee presentation once diligence is finalized
2. **Investment Decision**
 - a Develop a post-acquisition ESG action plan
 - b Investment Committee makes investment decision, taking into account the impacts of identified ESG factors
3. **Integration & Ongoing Monitoring**
 - a Prioritize and revisit ESG factors on an ongoing basis
 - b Work with company management on priorities for ESG-related performance improvements
 - c Track relevant ESG KPIs
 - d Continually look for ways to create value by improving management of ESG factors

Our ESG Priorities

Environmental: Providing Sustainable Solutions

We understand that climate change poses a serious threat to communities, businesses and ecosystems around the world. We are determined to support climate change mitigation throughout our operations, and we are working to ensure that we continue to be well positioned for the opportunities that are expected to arise from the transition to a low-carbon economy. We are taking steps to understand the potential physical effects of climate change on our portfolio, and, at the same time, we have initiatives underway to preserve our low carbon footprint and measure the impact of climate change within our business that follow a three-pronged approach:

1. **Offer solutions to support the decarbonization of the world:** The global economy is in the early stages of a transformation from reliance on fossil fuel-related energy sources to a low-carbon economy. At Brookfield Renewable, we actively work to continue to position the business to be a meaningful participant in the decarbonization of the globe.
2. **Measure, reduce, and avoid greenhouse gas (“GHG”) emissions:** We measure our GHG emissions with a focus on reporting avoided emissions, meaning GHG emissions that would have been produced had our electricity been sourced from non-renewable fossil fuels. Our portfolio's annual generation together with our development pipeline (once completed) will avoid approximately 56 million tonnes of carbon dioxide emissions annually, which is equivalent to:
 - 12 million vehicles removed from the road
 - 19 million tons of waste recycled instead of landfilled
 - 9 million homes' electricity use for one year
 - Nearly 1 billion trees planted
 - Nearly 2 times London, England's emissions in one year

We continue to conduct an inventory of our scope 1 and 2 GHG emissions measurement for our global businesses. In 2019, we added measurement of our Scope 3 emissions, focused on Scope 3 emissions generated from business travel - specifically, air travel. For 2020, we estimate total Scope 1 and Scope 2 emissions of 334,503 tonnes of carbon dioxide equivalent (“CO₂e”) with a gross intensity of 6.45 kg CO₂e per megawatt hour, and Scope 3, Category 6 emissions of 359 tonnes of CO₂e.

3. **Conduct climate change risk assessments:** As a renewable energy business, we are aware that our assets may be adversely impacted by climate change. We therefore monitor climate risks as part of our overall risk assessments.

Since 2017, Brookfield Renewable has issued six green bonds through project-level financings for an aggregate value of approximately \$2.5 billion. Citing Brookfield Renewable's environmental stewardship, commitment to renewable power, and use of proceeds towards renewable power generation, the green bonds received E-1 Green Evaluation scores from S&P— the highest on its scale.

Social: Building Trust

Proactively engaging with communities is integral to our operations as it creates an alignment of values and earns us our social license to operate. We cultivate local relationships by directly engaging with communities, often through in-person meetings with landowners, business owners, recreational organizations and NGOs. We also contribute to community projects, non-profit organizations, local tourism, and recreational and educational programs. In 2020, we partnered with a variety of local organizations, with a focus on key areas such as support for economic development, education and research, health, well-being, quality of life, environment impact mitigation, and project conversation. Further, during the year, we contributed almost \$5 million in charitable donations across over 500 charitable organizations.

As owners and operators of critical electricity infrastructure assets, managing the health and safety of our employees and all the people who access our facilities is our top priority. We take a proactive approach that goes well beyond minimum regulatory requirements to ensure we are protecting our stakeholders. We have a comprehensive health and safety training program in which all employees and contractors must participate. We also have a zero high-risk incidents culture, which is outcome versus event driven, meaning our policies, training and investigations are focused on managing potential high-risk incidents.

Our talent management approaches focus on creating opportunities and supporting our employees in unlocking their full potential. We focus on diversity and inclusion from the recruitment stage, through leadership training programs, our comprehensive compensation and benefits packages, and our policies and procedures. We leverage the benefits of diversity by upholding an inclusive environment that encourages contributions from all individuals and provides equal development and advancement opportunities. We also provide opportunities and promote success for our female employees. At Brookfield Renewable, 50% of our executive management team and 33% of our Board of Director's independent members are women.

Governance: Building a Business Responsibly

We operate with the highest ethical standards, conducting our activities with honesty and integrity and in compliance with laws and regulations. We work to maintain sound governance practices to promote the accountability of our company and ongoing investor confidence. This involves a continual review of how evolving legislation, guidelines and best practices should be reflected in our approach. Our governance policy framework for operating businesses in which we have a controlling interest includes several noteworthy components, and we ensure that our employees adhere to these high standards:

- **Code of Business Conduct and Ethics**
Each operating business is required to adopt our Code of Business Conduct and Ethics or ensure that existing practices are consistent with it and equal in substance. Each of our employees is also required to certify compliance with the Code of Business Conduct and Ethics annually.
- **Anti-bribery and corruption (ABC) policy**
We have a zero-tolerance approach to bribery, including facilitation payments, and we require that our operating businesses adopt equally stringent ABC policies. Each employee is required to complete annual ABC training.
- **Ethics hotline**
We require every operating business to have a whistle-blower hotline in operation. We also take measures to ensure that every employee is aware of the existence and purpose of the hotline.
- **Conflicts of interest policy**
As part of our obligation to act in the best interest of our investors, we adhere to a rigorous conflict of interest policy. Each potential investment is screened for possible conflicts and, if they are identified, they are elevated for review to the Brookfield Conflicts Committee, which is overseen by several senior executives and the Chief Compliance Officer of Brookfield, prior to execution of the transaction. In certain circumstances, the independent Directors of the relevant Brookfield Renewable Board are asked to review and consider for approval matters involving conflicts of interest.
- **Personal trading policy**
We maintain a stringent personal trading policy. Employees who are actively involved in recommending or making investment decisions on an ongoing basis, as well as their family members living in the same household, are restricted from being involved in trading with any non-Brookfield Renewable equity securities.

We integrate ESG into our decision-making, processes and management systems. From our Board of Directors to the CEOs of our operating businesses and the executives on the ESG Steering Committee, there is full engagement of our leadership in the implementation of our sustainability program.

Management's Discussion and Analysis

For the year ended December 31, 2020

This Management's Discussion and Analysis for the year ended December 31, 2020 is provided as of February 26, 2021. Unless the context indicates or requires otherwise, the terms "Brookfield Renewable", "we", "us", and "our company" mean Brookfield Renewable Partners L.P. and its controlled entities. The ultimate parent of Brookfield Renewable is Brookfield Asset Management Inc. ("Brookfield Asset Management"). Brookfield Asset Management and its subsidiaries, other than Brookfield Renewable, are also individually and collectively referred to as "Brookfield" in this Management's Discussion and Analysis.

Brookfield Renewable's consolidated equity interests include the non-voting publicly traded limited partnership units ("LP units") held by public unitholders and Brookfield, class A exchangeable subordinate voting shares ("exchangeable shares") of Brookfield Renewable Corporation ("BEPC") held by public shareholders and Brookfield, redeemable/exchangeable partnership units ("Redeemable/Exchangeable partnership units") in Brookfield Renewable Energy L.P. ("BRELP"), a holding subsidiary of Brookfield Renewable, held by Brookfield, and general partnership interest ("GP interest") in BRELP held by Brookfield. Holders of the LP units, Redeemable/Exchangeable partnership units, GP interest, and exchangeable shares will be collectively referred to throughout as "Unitholders" unless the context indicates or requires otherwise. LP units, Redeemable/Exchangeable partnership units, GP interest, and BEPC exchangeable shares will be collectively referred to throughout as "Units", or as "per Unit", unless the context indicates or requires otherwise. The LP units, exchangeable shares and Redeemable/Exchangeable partnership units have the same economic attributes in all respects. See – "Part 9 – Presentation to Stakeholders and Performance Measurement".

Brookfield Renewable'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.

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

References to \$, C\$, €, R\$, £, and COP are to United States ("U.S.") dollars, Canadian dollars, Euros, Brazilian reais, British pounds sterling 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 – 2020 HIGHLIGHTS

YEAR ENDED DECEMBER 31
(MILLIONS, EXCEPT AS NOTED)

	2020	2019
Operational information		
Capacity (MW).....	18,844	18,883
Total generation (GWh)		
Long-term average generation.....	57,457	53,926
Actual generation.....	52,782	52,560
Proportionate generation (GWh)		
Long-term average generation.....	27,998	26,189
Actual generation.....	26,052	26,038
Average revenue (\$ per MWh).....	81	78
Selected financial information		
Net loss attributable to Unitholders.....	\$ (304)	\$ (103)
Basic loss per LP unit ⁽¹⁾⁽²⁾	(0.61)	(0.26)
Consolidated Adjusted EBITDA ⁽¹⁾⁽³⁾	2,762	2,893
Proportionate Adjusted EBITDA ⁽¹⁾⁽³⁾	1,614	1,444
Funds From Operations ⁽³⁾	807	761
Funds From Operations per Unit ⁽¹⁾⁽³⁾⁽⁴⁾	1.32	1.30
Distribution per LP unit ⁽¹⁾	1.16	1.10

⁽¹⁾ Adjusted for the three-for-two Unit split effective December 11, 2020. Refer to PART 3 – Additional Consolidated Financial Information – Equity for further details.

⁽²⁾ Average LP units for the year ended December 31, 2020 were 271.1 million (2019: 268.3 million).

⁽³⁾ Non-IFRS measure. 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”.

⁽⁴⁾ Average Units outstanding for the year ended December 31, 2020 were 609.5 million (2019: 583.5 million), being inclusive of our LP units, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and GP interest.

AS AT DECEMBER 31
(MILLIONS, EXCEPT AS NOTED)

	December 31, 2020	December 31, 2019
Liquidity and Capital Resources		
Available liquidity.....	\$ 3,270	\$ 2,695
Debt to capitalization – Corporate.....	6 %	10 %
Debt to capitalization – Consolidated.....	27 %	34 %
Borrowings non-recourse to Brookfield Renewable on a proportionate basis.....	82 %	77 %
Floating rate debt exposure on a proportionate basis ⁽¹⁾	4 %	5 %
Corporate borrowings		
Average debt term to maturity.....	14 years	10 years
Average interest rate.....	3.9 %	4.1 %
Non-recourse borrowings on a proportionate basis		
Average debt term to maturity.....	11 years	10 years
Average interest rate.....	4.0 %	5.1 %

⁽¹⁾ Excludes 5% (2019: 7%) floating rate debt exposure of certain foreign regions outside of North America and Europe due to the high cost of hedging associated with those regions.

Operations

Funds From Operations increased to \$807 million or \$1.32 on a per Unit basis, representing a 6% increase from the prior year driven by:

- Contributions from growth, predominately from the merger of TerraForm Power;
- Relatively higher realized prices across all regions on the back of inflation escalation and commercial contracting initiatives;
- Higher margins due to cost reduction initiatives totaling almost \$40 million (\$17 million net to Brookfield Renewable);
- Partially offset by lower generation – experienced some drier conditions across our fleet, particularly in regions with higher value contracts. Our reservoirs are well positioned for a strong first quarter

After deducting non-cash depreciation and other non-operating expenses, net loss attributable to Unitholders was \$304 million or \$0.61 per LP unit, compared to net loss attributable to Unitholders of \$103 million or \$0.26 per LP unit in the prior year.

We continued to focus on extending our contract profile as we completed the following:

- Secured over 200 signed contracts to deliver over 3,500 GWh of clean energy annually (which has the equivalent carbon avoidance of planting almost 30 million trees);
- During the year, we agreed to supply 100% renewable energy to one of the first planned industrial-scale green hydrogen production plants in North America and over 90% of JPMorgan's real estate operations in New York

Liquidity and Capital Resources

Maintained ample liquidity and a strong balance sheet

- Bolstered our liquidity position, with \$3.3 billion of total available liquidity and no material debt maturities over the next five years
- Capitalized on the low interest rate environment and sourced liquidity from diverse funding levers by executing on \$3.4 billion of investment grade financings
 - Secured over \$2.8 billion of non-recourse financings, reducing our weighted-average cost of borrowing to 4.0%
 - Extended the average duration of our corporate debt from 10 to 14 years with the issuance of approximately C\$775 million of corporate green bonds
- Generated over \$1 billion of proceeds (\$350 million net to Brookfield Renewable) from capital recycling initiatives

Growth and Development

We broadened our investor base with the creation of BEPC. The holders of LP units of record as of July 27, 2020 received one (1) BEPC exchangeable share for every four (4) LP units held, or 0.25 BEPC exchangeable shares for each LP unit.

Following the special distribution of BEPC exchangeable shares, we completed the merger of TerraForm Power on an all-stock basis. TerraForm Power stockholders not affiliated with Brookfield Renewable received BEPC exchangeable shares or, at their election, LP units as consideration.

Agreed to invest over \$4.6 billion (\$2.5 billion net to Brookfield Renewable) of equity across ten transactions, deploying capital in every major market we operate, including:

- A U.S. distributed generation development platform comprising 360 MW of operating assets across nearly 600 sites and 700 MW of development assets

- An 845 MW operating and fully contracted wind portfolio in Oregon, representing one of the largest wind projects in North America and includes an attractive repowering opportunity that could increase generation by approximately 25%
- Almost 1,800 MW of shovel-ready solar development projects in Brazil, increasing the size of our development pipeline to 23,000 MW

During 2020, we continued to progress our development pipeline

- Commissioned 458 MW of development projects and continued to advance 2,789 MW of hydroelectric, wind, pumped storage, solar PV and rooftop solar developments projects. These projects are expected to be commissioned between 2021 and 2023 and generate annualized Funds From Operations of approximately \$61 million

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)	2020	2019	2018
Revenues	\$ 3,810	\$ 3,971	\$ 3,797
Direct operating costs	(1,274)	(1,263)	(1,273)
Management service costs	(235)	(135)	(94)
Interest expense	(976)	(1,001)	(973)
Depreciation	(1,367)	(1,271)	(1,151)
Income tax recovery (expense)	147	(43)	343
Net (loss) income	(45)	80	583
	Average FX rates to USD		
C\$	1.34	1.33	1.30
€	0.88	0.89	0.85
R\$	5.16	3.95	3.65
COP	3,693	3,280	2,956

Current Year Variance Analysis (2020 vs 2019)

Revenues totaling \$3,810 million for the year ended December 31, 2020 represents a decrease of \$161 million over the prior year. On a same store, constant currency basis, revenues decreased \$107 million primarily due to lower generation relative to long-term average and the prior year when we experienced above-average hydrology conditions. The impact of lower generation was partially offset by higher average pricing which benefited from inflation indexation of our contracts and re-contracting initiatives. The benefit from growth in our portfolio through our recently acquired facilities contributed 1,303 GWh of generation and \$213 million of revenues, which was partially offset by recently completed asset sales that reduced generation by 534 GWh and revenues by \$79 million.

The strengthening of the U.S. dollar relative to the prior period, primarily against the Brazilian reais and Colombian peso, reduced revenues by approximately \$188 million, which was partially offset by a \$139 million favorable foreign exchange impact on our operating, interest and depreciation expenses.

Direct operating costs totaling \$1,274 million in 2020 represents an increase of \$11 million over the prior year due to cost reduction initiatives across our business and the impact of foreign exchange movements noted above being more than offset by higher power purchases, which are passed through to our customers, and additional costs due to growth from our recently acquired and commissioned facilities.

Management service costs totaling \$235 million in 2020 represents an increase of \$100 million over the prior year due to the growth of our business.

Interest expense totaling \$976 million in 2020 represents a decrease of \$25 million over the prior year due to the benefit of recent refinancing activities that reduced our average cost of borrowing and the foreign exchange movements noted above.

Net loss was \$45 million in 2020 compared to net income of \$80 million for the year ended December 31, 2019 due to the above noted items.

Prior Year Variance Analysis (2019 vs 2018)

Revenues totaling \$3,971 million for the year ended December 31, 2019 represents an increase of \$174 million over the prior year. On a same store and constant currency basis, revenues increased \$108 million, primarily due to higher average realized prices attributable to the inflation indexation of our contracts, commercial contracting initiatives and higher market prices on our uncontracted volumes in Colombia, which contributed \$96 million to revenues. Higher generation contributed a \$12 million increase in revenues relative to the prior year due to above average hydrology conditions in the United States during the first half of the year, partially offset by lower hydrology conditions in Canada.

Foreign currency movements negatively impacted our revenues by \$170 million as a result of the strengthening of the United States dollar. Recently acquired and commissioned facilities contributed \$280 million to revenues which was partially offset by recently completed asset sales that reduced revenues by \$44 million.

Direct operating costs totaling \$1,263 million in 2019 represents a decrease of \$10 million over the prior year driven by cost-savings realized in the year across our businesses and the impact of foreign exchange noted above. This was partially offset by the operating costs of our recently commissioned and acquired facilities.

Management service costs totaling \$135 million in 2019 represents an increase of \$41 million over the prior year due to the growth of our business.

Interest expense totaling \$1,001 million in 2019 represents an increase of \$28 million over the prior year as the benefit of recent refinancing activities that reduced our average cost of borrowing, lower corporate borrowings and the foreign exchange movements noted above were more than offset by the growth of our business.

Net income was \$80 million in 2019 compared to net income of \$583 million for the year ended December 31, 2018 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)	2020	2019
Assets held for sale.....	\$ 57	\$ 352
Current assets.....	1,742	2,020
Equity-accounted investments.....	971	937
Property, plant and equipment, at fair value.....	44,590	41,055
Total assets.....	49,722	46,196
Liabilities directly associated with assets held for sale.....	14	137
Corporate borrowings.....	2,135	2,100
Non-recourse borrowings.....	15,947	15,200
Deferred income tax liabilities.....	5,515	4,855
Total liabilities and equity.....	49,722	46,196
	FX rates to USD	
C\$.....	1.27	1.30
€.....	0.82	0.89
R\$.....	5.20	4.03
COP.....	3,432	3,277

Assets held for sale

Assets held for sale totaled \$57 million as at December 31, 2020 compared to \$352 million as at December 31, 2019. During the year, we completed the sale of 39 MW of solar capacity in Thailand and 33 MW of solar capacity in South Africa that was previously presented as held for sale. As at December 31, 2020, the Assets held for sale corresponds to 19 MW of solar capacity in Malaysia.

See Note 4 – Disposal of assets and Note 5 – Assets held for sale in our audited annual consolidated financial statements for additional details.

Property, plant and equipment

Property, plant and equipment totaled \$44.6 billion as at December 31, 2020 compared to \$41.1 billion as at December 31, 2019. The increase of \$3.5 billion was primarily attributable to a \$4.0 billion annual revaluation which recognized the benefit of lower discount rates and continued successful implementation of our cost savings and revenue enhancing initiatives. The acquisition of 100 MW of concentrated solar power facilities in Spain increased property, plant and equipment by \$661 million and capitalized additions relating to the sustaining capital expenditures of our hydroelectric business and our ongoing construction of development projects increased property, plant and equipment by \$968 million. These increases were partially offset by the sale of two operating wind facilities in Europe, resulting in a decrease of \$160 million and depreciation expense associated with property, plant and equipment of \$1.4 billion for the year. The increase was partially offset by the devaluation of the Brazilian reais and the Colombian peso against the U.S. dollar, which resulted in a net decrease to property, plant and equipment of \$604 million.

See Note 13 – Property, plant and equipment, at fair value in our audited annual consolidated financial statements for information on the revaluation assumptions used and sensitivity analysis.

RELATED PARTY TRANSACTIONS

Brookfield Renewable's related party transactions are in the normal course of business and are recorded at the exchange amount. Brookfield Renewable's related party transactions are primarily with Brookfield Asset Management.

Brookfield Renewable sells electricity to Brookfield through a single long-term PPA across Brookfield Renewable's New York hydroelectric facilities.

In 2011, on formation of Brookfield Renewable, Brookfield transferred certain development projects to Brookfield Renewable for no upfront consideration but is entitled to receive variable consideration on commercial operation or sale of these projects.

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

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

From time to time, in order to facilitate investment activities in a timely and efficient manner, Brookfield Renewable 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), Brookfield Renewable, or by co-investors.

Brookfield Asset Management has provided a \$400 million committed unsecured revolving credit facility maturing in December 2021 and the interest rate applicable on the borrowed amounts is LIBOR plus up to 1.8%. As at December 31, 2020, there were no draws on the committed unsecured revolving credit facility provided by Brookfield Asset Management. Brookfield Asset Management may from time to time place funds on deposit with Brookfield Renewable which are repayable on demand including any interest accrued. There were \$325 million of funds placed on deposit with Brookfield Renewable in December 2020 (2019: \$600 million, which was fully repaid during the period). The interest expense on the Brookfield Asset Management revolving credit facility and deposit for the year ended December 31, 2020 was less than \$1 million (2019: \$6 million).

In addition to these agreements, Brookfield Renewable and Brookfield have executed other agreements that are described in Note 30 – Related party transactions in our audited annual consolidated financial statements. For a description of certain of our agreements with Brookfield, please see Item 7.B "Related Party Transactions" in our Form 20-F for the annual period ending December 31, 2020.

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)	2020	2019	2018
Revenues			
Power purchase and revenue agreements.....	\$ 286	\$ 558	\$ 534
Wind levelization agreement.....	—	1	7
	\$ 286	\$ 559	\$ 541
Direct operating costs			
Energy purchases.....	\$ —	\$ (22)	\$ (20)
Energy marketing fee and other services.....	(4)	(20)	(24)
Insurance services ⁽¹⁾	(24)	(23)	(25)
	\$ (28)	\$ (65)	\$ (69)
Interest expense			
Borrowings.....	\$ (2)	\$ (7)	\$ (13)
Contract balance accretion.....	(13)	(8)	—
	\$ (15)	\$ (15)	\$ (13)
Management service costs.....	\$ (235)	\$ (135)	\$ (94)

⁽¹⁾ Insurance services were paid to a subsidiary of Brookfield Asset Management that brokers external insurance providers on behalf of Brookfield Renewable. The fees paid to the subsidiary of Brookfield Asset Management for the year ended December 31, 2020 were nil (2019: \$1 million and 2018: less than \$1 million). Beginning in 2020, insurance services were paid for directly to external insurance providers.

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	2020	2019
Trade receivables and other current assets			
Contract asset	Brookfield.....	\$ 46	\$ 51
Due from related parties			
Amounts due from	Brookfield.....	36	48
	Equity-accounted investments and other...	20	12
		\$ 56	\$ 60
Other long-term assets			
Contract asset	Brookfield.....	\$ 409	\$ 422
Due to related parties			
Amount due to	Brookfield.....	\$ 455	\$ 93
	Equity-accounted investments and other...	21	10
Accrued distributions payable on LP units, BEPC exchangeable shares and Redeemable/Exchangeable partnership units and GP interest	Brookfield.....	30	36
		\$ 506	\$ 139
Other long-term liabilities			
Amounts due to	Equity-accounted investments and other...	\$ 11	\$ 7
Contract liability	Brookfield.....	602	562
		\$ 613	\$ 569

EQUITY

On December 11, 2020, Brookfield Renewable completed a three-for-two split of Units by way of a subdivision of Units (the “Unit split”), whereby Unitholders received an additional one-half of a Unit for each Unit held, resulting in the issuance of 91,600,487 LP units, 64,829,316 Redeemable/Exchangeable partnership units, 57,394,811 BEPC exchangeable shares and 1,325,754 units of GP interest. The distribution/dividend and the specified target levels of the incentive distribution were adjusted to reflect the additional number of Units that are outstanding. Brookfield Renewable's preferred units and preferred partners' equity were not affected by the Unit split and the Unit split did not dilute Unitholders' equity. All specified target levels of incentive distributions, Unit count and per Unit disclosures that follow are presented on a post-split basis.

General partnership interest in a holding subsidiary held by Brookfield

Brookfield, as the owner of the 1% GP interest in BRELP, is entitled to regular distributions plus an incentive distribution based on the amount by which quarterly LP unit distributions exceed specified target levels. As at December 31, 2020, to the extent that LP unit distributions exceed \$0.200 per LP unit per quarter, the incentive distribution is 15% of distributions above this threshold. To the extent that quarterly LP unit distributions exceed \$0.2253 per LP unit per quarter, the incentive distribution is equal to 25% of distributions above this threshold. Incentive distributions of \$65 million were declared during the year ended December 31, 2020 (2019: \$50 million).

Preferred equity

The Class A Preference Shares of Brookfield Renewable Power Preferred Equity Inc. (“BRP Equity”) does not have a fixed maturity date and is not redeemable at the option of the holders. As at December 31, 2020, none of the Class A Preference Shares have been redeemed by BRP Equity.

In July 2020, the Toronto Stock Exchange accepted notice of BRP Equity's intention to renew the normal course issuer bid in connection with its outstanding Class A Preference Shares for another year to July 8, 2021, or earlier should the repurchases be completed prior to such date. Under this normal course issuer bid, Brookfield Renewable is permitted to repurchase up to 10% of the total public float for each respective series of the Class A Preference Shares. Shareholders may receive a copy of the notice, free of charge, by contacting Brookfield Renewable. There were no repurchases of Class A Preference Shares during 2020 in connection with the normal course issuer bid.

Preferred limited partners' equity

The Class A Preferred Limited Partnership Units (“Preferred units”) of Brookfield Renewable do not have a fixed maturity date and are not redeemable at the option of the holders. As at December 31, 2020, none of the Preferred units have been redeemed by Brookfield Renewable.

During the first quarter of 2020, Brookfield Renewable issued 8,000,000 Preferred units, Series 17 (the “Series 17 Preferred units”) at a price of \$25 per unit for gross proceeds of \$200 million. The holders of the Series 17 Preferred units are entitled to receive a cumulative quarterly fixed distribution yielding 5.25%.

In July 2020, the Toronto Stock Exchange accepted notice of Brookfield Renewable's intention to renew the normal course issuer bid in connection with the outstanding Preferred units for another year to July 8, 2021, or earlier should the repurchases be completed prior to such date. Under this normal course issuer bid, Brookfield Renewable is permitted to repurchase up to 10% of the total public float for each respective series of its Preferred units. Preferred unit holders may receive a copy of the notice, free of charge, by contacting Brookfield Renewable. No shares were repurchased during 2020.

Limited partners' equity, Redeemable/Exchangeable partnership units, and BEPC exchangeable shares

As at December 31, 2020, Brookfield Asset Management owns, directly and indirectly 323,051,190 LP units, Redeemable/Exchangeable partnership units and BEPC exchangeable shares, on a combined basis, representing approximately 50% of Brookfield Renewable on a fully-exchanged basis (assuming the exchange of Redeemable/Exchangeable partnership units and BEPC exchangeable shares) and the remaining approximately 50% is held by public investors.

On July 30, 2020, Brookfield Renewable completed the “special distribution” whereby LP unitholders as of July 27, 2020 (the “Record Date”) received one exchangeable share for every four LP units held. Immediately prior to the special distribution, Brookfield Renewable Partners L.P. received BEPC exchangeable shares through a distribution by Brookfield Renewable Energy L.P. (“BRELP”), or the BRELP Distribution, of the BEPC exchangeable shares to all the holders of its equity units. As a result of the BRELP Distribution, (i) Brookfield and its subsidiaries (other than entities within Brookfield Renewable) received approximately 49.6 million BEPC exchangeable shares and (ii) Brookfield Renewable Partners L.P. received approximately 67.1 million BEPC exchangeable shares, which it subsequently distributed to its LP unit holders, including Brookfield, pursuant to the special distribution.

On July 31, 2020, following the special distribution, BEPC completed the acquisition of TerraForm Power, pursuant to which Brookfield Renewable and BEPC acquired all of the Class A common stock of TerraForm Power (“TERP common stock”) held by the public in exchange for 6,051,704 LP units and 55,552,862 BEPC exchangeable shares.

During the year ended December 31, 2020, Brookfield Renewable issued 182,966 LP units (2019: 264,894 LP units) under the distribution reinvestment plan at a total cost of \$6 million (2019: \$6 million).

During the year ended December 31, 2020, exchangeable shareholders of BEPC exchanged 136,517 BEPC exchangeable shares for \$2 million LP units.

In December 2020, Brookfield Renewable renewed its normal course issuer bid in connection with its LP units and entered into a normal course issuer bid for its outstanding BEPC exchangeable shares. Brookfield Renewable is authorized to repurchase up to 13,740,072 LP units and 8,609,220 BEPC exchangeable shares, representing 5% of each of its issued and outstanding LP units and BEPC exchangeable shares. The bids will expire on December 15, 2021, or earlier should Brookfield Renewable complete its repurchases prior to such date. There were no LP units or BEPC exchangeable shares repurchased during the year ended December 31, 2020. During the year ended December 31, 2019, there were 30,000 LP units repurchased at a total cost of less than \$1 million.

PART 4 – FINANCIAL PERFORMANCE REVIEW ON PROPORTIONATE INFORMATION

SEGMENTED DISCLOSURES

Segmented information is prepared on the same basis that Brookfield Renewable’s Chief Executive Officer and Chief Financial Officer (collectively, the chief operating decision maker or “CODM”) manages the business, 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		LTA Generation		Revenues		Adjusted EBITDA		Funds From Operations		Net Income (Loss)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Hydroelectric												
North America	11,863	13,118	12,166	12,238	\$ 824	\$ 905	\$ 562	\$ 622	\$ 420	\$ 459	\$ 68	\$ 142
Brazil	3,663	3,707	4,004	3,996	175	234	177	181	152	150	95	59
Colombia	2,999	3,096	3,488	3,488	211	237	131	144	90	101	68	72
	18,525	19,921	19,658	19,722	1,210	1,376	870	947	662	710	231	273
Wind												
North America	3,560	2,969	4,239	3,556	263	223	196	163	123	98	(4)	(87)
Europe	908	904	1,002	996	105	95	96	67	79	48	(27)	(11)
Brazil	552	630	671	647	27	37	24	28	17	19	3	1
Asia	428	291	443	290	28	20	25	16	18	10	4	6
	5,448	4,794	6,355	5,489	423	375	341	274	237	175	(24)	(91)
Solar	1,284	773	1,510	782	245	138	232	126	139	74	49	(37)
Energy transition⁽¹⁾	795	550	475	196	169	132	130	87	103	70	1	42
Corporate	—	—	—	—	—	—	41	10	(334)	(268)	(561)	(290)
Total	26,052	26,038	27,998	26,189	\$ 2,047	\$ 2,021	\$ 1,614	\$ 1,444	\$ 807	\$ 761	\$ (304)	\$ (103)

⁽¹⁾ Actual generation includes 375 GWh (2019: 374 GWh) from facilities that do not have a corresponding long-term average. See PART 9 – Presentation to Stakeholders’ for why we do not consider long-term average for certain of our facilities.

HYDROELECTRIC OPERATIONS ON PROPORTIONATE BASIS

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

(MILLIONS, EXCEPT AS NOTED)	2020	2019
Generation (GWh) – LTA	19,658	19,722
Generation (GWh) – actual	18,525	19,921
Revenue	\$ 1,210	\$ 1,376
Other income	105	22
Direct operating costs	(445)	(451)
Adjusted EBITDA	870	947
Interest expense	(191)	(210)
Current income taxes	(17)	(27)
Funds From Operations	\$ 662	\$ 710
Depreciation	(333)	(332)
Deferred taxes and other	(98)	(105)
Net income	\$ 231	\$ 273

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

(MILLIONS, EXCEPT AS NOTED)	Actual Generation (GWh)		Average revenue per MWh ⁽¹⁾		Adjusted EBITDA		Funds From Operations		Net Income	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
North America										
United States	9,104	10,525	\$ 69	\$ 68	\$ 399	\$ 473	\$ 305	\$ 358	\$ 39	\$ 118
Canada	2,759	2,593	77	74	163	149	115	101	29	24
	11,863	13,118	71	69	562	622	420	459	68	142
Brazil	3,663	3,707	53	63	177	181	152	150	95	59
Colombia	2,999	3,096	74	77	131	144	90	101	68	72
Total	18,525	19,921	\$ 67	\$ 69	\$ 870	\$ 947	\$ 662	\$ 710	\$ 231	\$ 273

⁽¹⁾ Includes realized foreign exchange hedge gains of approximately \$40 million included in other income.

North America

Funds From Operations at our North American business were \$420 million in 2020 versus \$459 million in the prior year as higher average revenue per MWh due to the benefits from inflation indexation and cost saving initiatives were more than offset by generation that was 10% below prior year in which we benefited from above average generation (7% above long-term average). Funds from Operations were also impacted by the partial sale of a 25% interest in certain of our Canadian assets (\$3 million and 64 GWh) in the first quarter of 2019.

Net income attributable to Unitholders decreased by \$74 million in 2020 versus the prior year due to the above noted decrease in Funds From Operations and higher non-cash depreciation expense related to the fair value increase of our property, plant and equipment in the prior year.

Brazil

Funds From Operations at our Brazilian business were \$152 million in 2020 versus \$150 million in the prior year. On a local currency basis, Funds From Operations increased 32% versus the prior year primarily due to cost reduction initiatives, higher average revenue per MWh due to inflation indexation and recontracting initiatives, and a positive ruling regarding historical under allocations of generation to our facilities under the centralized pooling mechanism in Brazil. The increase was partly offset by the weakening of the Brazilian reais versus the U.S. dollar.

Net income attributable to Unitholders increased by \$36 million in 2020 over the prior year driven by the above noted increase in Funds From Operations and lower non-cash depreciation expense due to the weakening of the Brazilian reais versus the U.S. dollar.

Colombia

Funds From Operations at our Colombian business were \$90 million in 2020 versus \$101 million in the prior year. On a local currency basis, Funds From Operations increased slightly compared to the prior year as the benefit from cost reduction initiatives and higher average revenue per MWh due to inflation indexation and recontracting initiatives were partly offset by generation that was 14% below long-term average. The increase was more than offset by the weakening of the Colombian peso versus the U.S. dollar.

Net income attributable to Unitholders decreased by \$4 million in 2020 primarily due to the above noted decrease in Funds From Operations.

WIND OPERATIONS ON PROPORTIONATE BASIS

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

(MILLIONS, EXCEPT AS NOTED)	<u>2020</u>	<u>2019</u>
Generation (GWh) – LTA	6,355	5,489
Generation (GWh) – actual	5,448	4,794
Revenue	\$ 423	\$ 375
Other income	43	6
Direct operating costs	<u>(125)</u>	<u>(107)</u>
Adjusted EBITDA	341	274
Interest expense	(100)	(96)
Current income taxes	<u>(4)</u>	<u>(3)</u>
Funds From Operations	\$ 237	\$ 175
Depreciation	(273)	(219)
Deferred taxes and other	<u>12</u>	<u>(47)</u>
Net loss	<u>\$ (24)</u>	<u>\$ (91)</u>

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

(MILLIONS, EXCEPT AS NOTED)	Actual Generation (GWh)		Average revenue per MWh ⁽¹⁾		Adjusted EBITDA		Funds From Operations		Net Income (Loss)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
North America										
United States.....	2,426	1,897	\$ 69	\$ 67	\$ 108	\$ 85	\$ 57	\$ 45	\$ 6	\$ (67)
Canada.....	1,134	1,072	91	90	88	78	66	53	(10)	(20)
	3,560	2,969	76	75	196	163	123	98	(4)	(87)
Europe.....	908	904	118	105	96	67	79	48	(27)	(11)
Brazil.....	552	630	50	59	24	28	17	19	3	1
Asia.....	428	291	71	69	25	16	18	10	4	6
Total.....	5,448	4,794	\$ 80	\$ 78	\$ 341	\$ 274	\$ 237	\$ 175	\$ (24)	\$ (91)

⁽¹⁾ Includes realized foreign exchange hedge gains of approximately \$11 million included in other income.

North America

Funds From Operations at our North American business were \$123 million in 2020 versus \$98 million in the prior year, primarily due to growth from our increased ownership in TerraForm Power, net of the disposal of a 40% equity interest in an 852 MW wind portfolio in the United States (\$15 million and 760 GWh) and the benefit of production guarantees under our long-term service agreements.

Net loss attributable to Unitholders decreased by \$83 million over the prior year primarily due to the above noted increase in Funds From Operations and higher unrealized hedging gains on our energy contracts.

Europe

Funds From Operations at our European business were \$79 million in 2020 versus \$48 million in the prior year primarily due to growth from our increased ownership in TerraForm Power, net of asset sales (\$6 million and 97 GWh), and a gain of \$22 million realized on the sale of 47 MW of recently developed wind assets in Ireland. On a same store basis, Funds From Operations were higher than prior year as higher market prices due to generation mix and interest cost savings as a result of capital structure optimization were partly offset by lower resources.

Net loss attributable to Unitholders increased by \$16 million over the prior year as the above noted increase in Funds From Operations was more than offset by higher non-cash depreciation expense.

Brazil

Funds From Operations at our Brazilian business were \$17 million in 2020 versus \$19 million in the prior year. On a local currency basis, Funds From Operations increased by 17% over the prior year due to inflation indexation of our contracts and cost reduction initiatives that were partially offset by lower resource. The increase was more than offset by the weakening of the Brazilian reais versus the U.S. dollar.

Net income attributable to Unitholders increased by \$2 million over the prior year as lower non-cash depreciation expense due to the weakening of the Brazilian reais versus the U.S. dollar more than offset the above noted decrease in Funds From Operations.

Asia

Funds From Operations at our Asian wind business were \$18 million in 2020 versus \$10 million in the prior year. The increase is due to higher revenue per MWh attributable to the inflation indexation of our contracts, higher margin from our cost reduction initiatives and contribution from growth following the acquisition of 210 MW in India and 200 MW in China (\$4 million and 137 GWh).

SOLAR OPERATIONS ON PROPORTIONATE BASIS

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

(MILLIONS, EXCEPT AS NOTED)	<u>2020</u>	<u>2019</u>
Generation (GWh) – LTA	1,510	782
Generation (GWh) – actual	1,284	773
Revenue	\$ 245	\$ 138
Other income	50	16
Direct operating costs	(63)	(28)
Adjusted EBITDA	232	126
Interest expense	(90)	(52)
Current income taxes	(3)	—
Funds From Operations	\$ 139	\$ 74
Depreciation	(84)	(65)
Deferred taxes and other	(6)	(46)
Net income (loss)	<u>\$ 49</u>	<u>\$ (37)</u>

Funds From Operations and net income attributable to Unitholders at our solar business increased to \$139 million and \$21 million, respectively, in 2020 from \$74 million and a net loss of \$37 million, respectively, in the prior year, primarily due to the contribution from our increased ownership in TerraForm Power and other acquisitions, net of disposals of assets in South Africa and Thailand (\$45 million and 570 GWh).

ENERGY TRANSITION OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for energy transition business for the year ended December 31:

(MILLIONS, EXCEPT AS NOTED)	<u>2020</u>	<u>2019</u>
Generation (GWh) – LTA	475	196
Generation (GWh) – actual ⁽¹⁾	795	550
Revenue	\$ 169	\$ 132
Other income	22	11
Direct operating costs	(61)	(56)
Adjusted EBITDA	130	87
Interest expense	(25)	(16)
Current income taxes	(2)	(1)
Funds From Operations	\$ 103	\$ 70
Depreciation	(62)	(23)
Deferred taxes and other	(40)	(5)
Net income	<u>\$ 1</u>	<u>\$ 42</u>

⁽¹⁾ Actual generation includes 375 GWh (2019: 374 GWh) from facilities that do not have a corresponding long-term average. See PART 9 – Presentation to Stakeholders’ for why we do not consider long-term average for certain of our facilities.

Funds From Operations at our energy transition business were \$103 million in 2020 versus \$70 million in the prior year due to the contribution from our distributed generation portfolio through our increased ownership in TerraForm Power and acquisitions (\$35 million and 246 GWh).

Net income attributable to Unitholders decreased by \$41 million as the above noted increase in Funds From Operations was more than offset by higher non-cash depreciation expense and higher non-cash accretion expenses.

CORPORATE

The following table presents our results for corporate for the year ended December 31:

(MILLIONS)	<u>2020</u>	<u>2019</u>
Other income	\$ 64	\$ 33
Direct operating costs	<u>(23)</u>	<u>(23)</u>
Adjusted EBITDA	41	10
Management service costs	(217)	(116)
Interest expense	(79)	(92)
Distributions ⁽¹⁾	<u>(79)</u>	<u>(70)</u>
Funds From Operations	\$ (334)	\$ (268)
Deferred taxes and other	<u>(227)</u>	<u>(22)</u>
Net loss	<u>\$ (561)</u>	<u>\$ (290)</u>

⁽¹⁾ Distributions on Preferred Units and Class A Preference Shares.

Management service costs totaling \$217 million increased \$101 million compared to the prior year due to the growth of our business.

In 2020, we recognized a provision of \$231 million at our subsidiary, TerraForm Power, relating to a litigation that predates the 2017 acquisition of an initial 51% interest in TerraForm Power by Brookfield Renewable and its institutional partners.

PROPORTIONATE RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

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

	(GWh)				(MILLIONS)							
	Actual Generation		LTA Generation		Revenues		Adjusted EBITDA		Funds From Operations		Net Income (Loss)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Hydroelectric												
North America	13,118	13,308	12,238	12,980	\$ 905	\$ 893	\$ 622	\$ 619	\$ 459	\$ 443	\$ 142	\$ 189
Brazil	3,707	3,633	3,996	3,927	234	244	181	173	150	142	59	3
Colombia	3,096	3,364	3,488	3,482	237	216	144	126	101	86	72	87
	<u>19,921</u>	<u>20,305</u>	<u>19,722</u>	<u>20,389</u>	<u>1,376</u>	<u>1,353</u>	<u>947</u>	<u>918</u>	<u>710</u>	<u>671</u>	<u>273</u>	<u>279</u>
Wind												
North America	2,969	2,713	3,556	3,169	223	219	163	157	98	96	(87)	15
Europe	904	677	996	764	95	73	67	57	48	38	(11)	8
Brazil	630	626	647	645	37	42	28	33	19	24	1	1
Asia	291	160	290	153	20	12	16	8	10	5	6	4
	<u>4,794</u>	<u>4,176</u>	<u>5,489</u>	<u>4,731</u>	<u>375</u>	<u>346</u>	<u>274</u>	<u>255</u>	<u>175</u>	<u>163</u>	<u>(91)</u>	<u>28</u>
Solar	773	662	782	550	138	116	126	92	74	53	(37)	16
Energy transition⁽¹⁾	550	610	196	174	132	115	87	74	70	52	42	21
Corporate	—	—	—	—	—	—	10	(16)	(268)	(263)	(290)	(264)
Total	<u>26,038</u>	<u>25,753</u>	<u>26,189</u>	<u>25,844</u>	<u>\$ 2,021</u>	<u>\$ 1,930</u>	<u>\$ 1,444</u>	<u>\$ 1,323</u>	<u>\$ 761</u>	<u>\$ 676</u>	<u>\$ (103)</u>	<u>\$ 80</u>

⁽¹⁾ Actual generation includes 374 GWh (2018: 519 GWh) from facilities that do not have a corresponding long-term average. See PART 9 – Presentation to Stakeholders’ for why we do not consider long-term average for certain of our facilities.

HYDROELECTRIC OPERATIONS ON PROPORTIONATE BASIS

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

(MILLIONS, EXCEPT AS NOTED)	2019	2018
Generation (GWh) – LTA.....	19,722	20,389
Generation (GWh) – actual.....	19,921	20,305
Revenue.....	\$ 1,376	\$ 1,353
Other income.....	22	21
Direct operating costs.....	(451)	(456)
Adjusted EBITDA.....	947	918
Interest expense.....	(210)	(232)
Current income taxes.....	(27)	(15)
Funds From Operations.....	\$ 710	\$ 671
Depreciation.....	(332)	(385)
Deferred taxes and other.....	(105)	(7)
Net income.....	<u>\$ 273</u>	<u>\$ 279</u>

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

(MILLIONS, EXCEPT AS NOTED)	Actual Generation (GWh)		Average revenue Per MWh		Adjusted EBITDA		Funds From Operations		Net Income	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
North America										
United States.....	10,525	9,953	\$ 68	\$ 67	\$ 473	\$ 443	\$ 358	\$ 325	\$ 118	\$ 116
Canada.....	2,593	3,355	74	68	149	176	101	118	24	73
	13,118	13,308	69	67	622	619	459	443	142	189
Brazil.....	3,707	3,633	63	67	181	173	150	142	59	3
Colombia.....	3,096	3,364	77	64	144	126	101	86	72	87
Total.....	<u>19,921</u>	<u>20,305</u>	<u>\$ 69</u>	<u>\$ 67</u>	<u>\$ 947</u>	<u>\$ 918</u>	<u>\$ 710</u>	<u>\$ 671</u>	<u>\$ 273</u>	<u>\$ 279</u>

North America

Funds From Operations at our North American business were \$459 million in 2019 versus \$443 million in the prior year. Higher average realized revenue per MWh in Canada due to inflation indexation of our contracts and higher same store generation due to strong hydrology conditions in the United States (6% above prior year and 10% above long-term average) more than offset the impact to Funds From Operations from the sale of a 25% interest in certain of our Canadian assets (\$24 million and 670 GWh).

Net income attributable to Unitholders decreased by \$47 million in 2019 over the prior year as the above noted increase in Funds From Operations were more than offset by higher non-cash expenses on certain energy contracts.

Brazil

Funds From Operations at our Brazilian business were \$150 million in 2019 versus \$142 million in the prior year. On a local currency basis, Funds From Operations increased 15% versus the prior year due to the benefit of higher same store generation, a positive ruling reaffirming the historical generation of our facilities, and growth of our portfolio through development projects that contributed 63 GWh and \$2 million to Funds from Operations. These increases were partially offset by the weakening of the Brazilian reais versus the United States dollar.

Net income attributable to Unitholders increased by \$56 million in 2019 over the prior year driven by the above noted increase in Funds From Operations and lower depreciation expense due to the weakening of the Brazilian reais versus the United States dollar.

Colombia

Funds From Operations at our Colombian business were \$101 million in 2019 versus \$86 million in the prior year as we benefited from cost-reduction initiatives and a 20% increase in revenue per MWh due to inflation indexation of our contracts and re-contracting efforts which were partially offset by generation that was 11% below long-term average as we stored water in anticipation of higher pricing in the upcoming dry season.

Net income attributable to Unitholders decreased by \$15 million in 2019 over the prior year as the above noted increase in Funds From Operations was more than offset by the impact of a deferred tax recovery as a result of new tax legislation that benefited the prior year.

WIND OPERATIONS ON PROPORTIONATE BASIS

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

(MILLIONS, EXCEPT AS NOTED)	2019	2018
Generation (GWh) – LTA	5,489	4,731
Generation (GWh) – actual	4,794	4,176
Revenue	\$ 375	\$ 346
Other income	6	13
Direct operating costs	(107)	(104)
Adjusted EBITDA	274	255
Interest expense	(96)	(93)
Current income taxes	(3)	1
Funds From Operations	\$ 175	\$ 163
Depreciation	(219)	(182)
Deferred taxes and other	(47)	47
Net (loss) income	\$ (91)	\$ 28

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

(MILLIONS, EXCEPT AS NOTED)	Actual Generation (GWh)		Average revenue per MWh		Adjusted EBITDA		Funds From Operations		Net Income (Loss)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
North America										
United States	1,897	1,613	\$ 67	\$ 76	\$ 85	\$ 76	\$ 45	\$ 36	\$ (67)	\$ 30
Canada	1,072	1,100	90	88	78	81	53	60	(20)	(15)
	2,969	2,713	75	81	163	157	98	96	(87)	15
Europe	904	677	105	110	67	57	48	38	(11)	8
Brazil	630	626	59	69	28	33	19	24	1	1
Asia	291	160	69	66	16	8	10	5	6	4
Total	4,794	4,176	\$ 78	\$ 84	\$ 274	\$ 255	\$ 175	\$ 163	\$ (91)	\$ 28

North America

Funds From Operations at our North American business were \$98 million versus \$96 million in the prior year. The contributions from growth in our portfolio as a result of increasing our ownership in TerraForm Power and cost-reduction initiatives were partially offset by the impact of lower same store generation relative to the prior year.

Net loss attributable to Unitholders increased by \$102 million over the prior year due to higher depreciation as a result of the growth of our portfolio and unrealized hedging losses.

Europe

Funds From Operations at our European business were \$48 million versus \$38 million in the prior year. The growth of our portfolio following the commissioning of 51 MW of new wind capacity and a full year contribution from recently completed acquisitions contributed 199 GWh and \$13 million to Funds From Operations, net of asset sales. Excluding an \$8 million gain on the sale of a development project in the United Kingdom that benefited the prior year, Funds From Operations increased \$5 million primarily as a result of stronger resource, operating cost reduction initiatives, and interest cost savings due to capital structure optimization.

Net loss attributable to Unitholders decreased by \$19 million over the prior year as the above noted increase in Funds From Operations was more than offset by higher unrealized hedging losses.

Brazil

Funds From Operations at our Brazilian business were \$19 million versus \$24 million in the prior year as a result of lower average realized prices due to a commercial initiative that benefited the prior year and the weakening of the Brazilian reais versus the United States dollar.

Net income attributable to Unitholders was consistent with the prior year as the above noted decrease in Funds From Operations was fully offset by unrealized foreign exchange losses in the prior year and lower depreciation expense due to the weakening of the Brazilian reais versus the United States dollar.

Asia

Funds From Operations and Net income attributable to Unitholders at our Asian wind business were \$10 million and \$6 million, an increase from \$5 million and \$4 million, respectively, relative to the prior year. The increase is primarily due to the contribution from the acquisition of 410 MW of capacity in Asia during the year (\$6 million and 123 GWh).

SOLAR OPERATIONS ON PROPORTIONATE BASIS

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

(MILLIONS, EXCEPT AS NOTED)	2019	2018
<i>Generation (GWh) – LTA</i>	782	550
<i>Generation (GWh) – actual</i>	773	662
Revenue.....	\$ 138	116
Other income.....	16	4
Direct operating costs.....	(28)	(28)
Adjusted EBITDA.....	126	92
Interest expense.....	(52)	(40)
Current income taxes.....	—	1
Funds From Operations.....	\$ 74	\$ 53
Depreciation.....	(65)	(32)
Deferred taxes and other.....	(46)	(5)
Net (loss) income.....	<u>\$ (37)</u>	<u>\$ 16</u>

Funds From Operations at our solar business increased to \$74 million from \$53 million in the prior year primarily due to the contribution from growth in our business and a full-year contribution from our recently acquired and commissioned facilities.

Net loss attributable to Unitholders at our solar business was \$37 million versus net income of \$16 million in the prior year as the above noted increase in Funds From Operations was more than offset by higher depreciation as we expanded our solar fleet and unrealized hedging losses.

ENERGY TRANSITION OPERATIONS ON PROPORTIONATE BASIS

The following table presents our proportionate results for energy transition business for the year ended December 31:

(MILLIONS, EXCEPT AS NOTED)	2019	2018
<i>Generation (GWh) – LTA</i>	196	174
<i>Generation (GWh) – actual⁽¹⁾</i>	550	610
Revenue.....	\$ 132	\$ 115
Other income.....	11	1
Direct operating costs.....	(56)	(42)
Adjusted EBITDA.....	87	74
Interest expense.....	(16)	(22)
Current income taxes.....	(1)	—
Funds From Operations.....	\$ 70	\$ 52
Depreciation.....	(23)	(30)
Deferred taxes and other.....	(5)	(1)
Net income.....	<u>\$ 42</u>	<u>\$ 21</u>

⁽¹⁾ Actual generation includes 374 GWh (2018: 519 GWh) from facilities that do not have a corresponding long-term average. See PART 9 – Presentation to Stakeholders’ for why we do not consider long-term average for certain of our facilities.

Funds From Operations and net income attributable to Unitholders at our energy transition businesses were \$70 million and \$42 million, respectively, versus \$52 million and \$21 million, respectively, in the prior year due to growth in our business, including the acquisition of a 322 MW distributed generation portfolio, partially offset by lower realized capacity prices in the northeast United States and lower generation at our biomass facilities in Brazil.

CORPORATE

The following table presents our results for corporate for the year ended December 31:

(MILLIONS)	2019	2018
Other income	\$ 33	\$ 7
Direct operating costs	(23)	(23)
Adjusted EBITDA	10	(16)
Management service costs	(116)	(84)
Interest expense	(92)	(99)
Distributions ⁽¹⁾	(70)	(64)
Funds From Operations	\$ (268)	\$ (263)
Deferred taxes and other	(22)	(1)
Net loss	\$ (290)	\$ (264)

⁽¹⁾ Distributions on Preferred Units and Class A Preference Shares.

Management service costs totaling \$116 million increased \$32 million compared to the prior year due to the growth of our business.

Distributions attributable to Preferred LP units and shares increased \$6 million compared to the prior year due to the C\$175 million (\$131 million) Preferred LP units issuance completed in the first quarter of 2019.

RECONCILIATION OF NON-IFRS MEASURES

The following table reflects Adjusted EBITDA and Funds From Operations and provides a reconciliation to net income (loss) for the year ended December 31, 2020:

(MILLIONS)	Attributable to Unitholders											Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials ⁽¹⁾
	Hydroelectric			Wind					Energy transition	Corporate	Total			
	North America	Brazil	Colombia	North America	Europe	Brazil	Asia	Solar						
Revenues	\$ 824	\$ 175	\$ 211	\$ 263	\$ 105	\$ 27	\$ 28	\$ 245	\$ 169	\$ —	\$ 2,047	\$ (72)	\$ 1,835	\$ 3,810
Other income	39	54	12	11	26	3	3	50	22	64	284	(29)	(127)	128
Direct operating costs	(301)	(52)	(92)	(78)	(35)	(6)	(6)	(63)	(61)	(23)	(717)	34	(591)	(1,274)
Share of Adjusted EBITDA from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	67	31	98
Adjusted EBITDA	562	177	131	196	96	24	25	232	130	41	1,614	—	1,148	
Management service costs	—	—	—	—	—	—	—	—	—	(217)	(217)	—	(18)	(235)
Interest expense	(143)	(18)	(30)	(73)	(15)	(6)	(6)	(90)	(25)	(79)	(485)	20	(511)	(976)
Current income taxes	1	(7)	(11)	—	(2)	(1)	(1)	(3)	(2)	—	(26)	4	(44)	(66)
Distributions attributable to														
Preferred limited partners equity	—	—	—	—	—	—	—	—	—	(54)	(54)	—	—	(54)
Preferred equity	—	—	—	—	—	—	—	—	—	(25)	(25)	—	—	(25)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(24)	(13)	(37)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(562)	(562)
Funds From Operations	420	152	90	123	79	17	18	139	103	(334)	807	—	—	
Depreciation	(246)	(66)	(21)	(180)	(70)	(14)	(9)	(84)	(62)	(4)	(756)	21	(632)	(1,367)
Foreign exchange and financial instrument gain (loss)	(47)	3	(2)	47	(17)	—	(1)	(3)	(9)	(6)	(35)	8	154	127
Deferred income tax recovery (expense)	36	5	(3)	28	7	—	2	20	5	75	175	(6)	44	213
Other	(95)	1	4	(22)	(26)	—	(6)	(23)	(36)	(292)	(495)	11	52	(432)
Share of earnings from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(34)	—	(34)
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	382	382
Net income (loss) attributable to Unitholders ⁽²⁾	\$ 68	\$ 95	\$ 68	\$ (4)	\$ (27)	\$ 3	\$ 4	\$ 49	\$ 1	\$ (561)	\$ (304)	\$ —	\$ —	\$ (304)

⁽¹⁾ Share of earnings from equity-accounted investments of \$27 million is comprised of amounts found on the share of Adjusted EBITDA, share of interest and cash taxes and share of earnings lines. Net income attributable to participating non-controlling interests – in operating subsidiaries of \$180 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.

⁽²⁾ Net income (loss) attributable to Unitholders includes net income (loss) attributable to GP interest, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and LP units. Total net income (loss) includes amounts attributable to Unitholders, non-controlling interests, preferred limited partners equity and preferred equity.

The following table reflects Adjusted EBITDA and Funds From Operations and provides a reconciliation to net income (loss) for the year ended December 31, 2019:

(MILLIONS)	Attributable to Unitholders											Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials ⁽¹⁾
	Hydroelectric			Wind				Solar	Energy transition	Corporate	Total			
	North America	Brazil	Colombia	North America	Europe	Brazil	Asia							
Revenues	\$ 905	\$ 234	\$ 237	\$ 223	\$ 95	\$ 37	\$ 20	\$ 138	\$ 132	\$ —	\$ 2,021	\$ (79)	\$ 2,029	\$ 3,971
Other income	3	19	—	2	4	—	—	16	11	33	88	(8)	25	105
Direct operating costs	(286)	(72)	(93)	(62)	(32)	(9)	(4)	(28)	(56)	(23)	(665)	34	(632)	(1,263)
Share of Adjusted EBITDA from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	53	27	80
Adjusted EBITDA	622	181	144	163	67	28	16	126	87	10	1,444	—	1,449	
Management service costs	—	—	—	—	—	—	—	—	—	(116)	(116)	—	(19)	(135)
Interest expense	(156)	(20)	(34)	(66)	(17)	(8)	(5)	(52)	(16)	(92)	(466)	13	(548)	(1,001)
Current income taxes	(7)	(11)	(9)	1	(2)	(1)	(1)	—	(1)	—	(31)	2	(41)	(70)
Distributions attributable to														
Preferred limited partners equity	—	—	—	—	—	—	—	—	—	(44)	(44)	—	—	(44)
Preferred equity	—	—	—	—	—	—	—	—	—	(26)	(26)	—	—	(26)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(15)	(12)	(27)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(829)	(829)
Funds From Operations	459	150	101	98	48	19	10	74	70	(268)	761	—	—	
Depreciation	(227)	(84)	(21)	(150)	(47)	(17)	(5)	(65)	(23)	(4)	(643)	13	(641)	(1,271)
Foreign exchange and financial instrument gain (loss)	11	(5)	(2)	(2)	(10)	(3)	1	1	(3)	(18)	(30)	(2)	(4)	(36)
Deferred income tax recovery (expense)	(27)	4	(4)	—	10	—	—	1	—	46	30	—	(3)	27
Other	(74)	(6)	(2)	(33)	(12)	2	—	(48)	(2)	(46)	(221)	9	(64)	(276)
Share of earnings from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(20)	(4)	(24)
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	716	716
Net income (loss) attributable to Unitholders ⁽²⁾	\$ 142	\$ 59	\$ 72	\$ (87)	\$ (11)	\$ 1	\$ 6	\$ (37)	\$ 42	\$ (290)	\$ (103)	\$ —	\$ —	\$ (103)

⁽¹⁾ Share of earnings from equity-accounted investments of \$29 million is comprised of amounts found on the share of Adjusted EBITDA, share of interest and cash taxes and share of earnings lines. Net income attributable to participating non-controlling interests – in operating subsidiaries of \$113 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.

⁽²⁾ Net income (loss) attributable to Unitholders includes net income (loss) attributable to GP interest, Redeemable/Exchangeable partnership units and LP units. Total net income (loss) includes amounts attributable to Unitholders, non-controlling interests, preferred limited partners equity and preferred equity.

The following table reflects Adjusted EBITDA and Funds From Operations and provides a reconciliation to net income (loss) for the year ended December 31, 2018:

(MILLIONS)	Attributable to Unitholders											Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials ⁽¹⁾
	Hydroelectric			Wind				Solar	Energy transition	Corporate	Total			
	North America	Brazil	Colombia	North America	Europe	Brazil	Asia							
Revenues	\$ 893	\$ 244	\$ 216	\$ 219	\$ 73	\$ 42	\$ 12	\$ 116	\$ 115	\$ —	\$ 1,930	\$ (76)	\$ 1,943	\$ 3,797
Other income	12	5	4	2	11	—	—	4	1	7	46	—	29	75
Direct operating costs	(286)	(76)	(94)	(64)	(27)	(9)	(4)	(28)	(42)	(23)	(653)	27	(647)	(1,273)
Share of Adjusted EBITDA from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	49	22	71
Adjusted EBITDA	619	173	126	157	57	33	8	92	74	(16)	1,323	—	1,347	
Management service costs	—	—	—	—	—	—	—	—	—	(84)	(84)	—	(10)	(94)
Interest expense	(172)	(22)	(38)	(63)	(17)	(9)	(4)	(40)	(22)	(99)	(486)	14	(501)	(973)
Current income taxes	(4)	(9)	(2)	2	(2)	—	1	1	—	—	(13)	1	(20)	(32)
Distributions attributable to														
Preferred limited partners equity	—	—	—	—	—	—	—	—	—	(38)	(38)	—	—	(38)
Preferred equity	—	—	—	—	—	—	—	—	—	(26)	(26)	—	—	(26)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(15)	(10)	(25)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(806)	(806)
Funds From Operations	443	142	86	96	38	24	5	53	52	(263)	676	—	—	
Depreciation	(231)	(136)	(18)	(124)	(43)	(13)	(2)	(32)	(30)	(2)	(631)	13	(533)	(1,151)
Foreign exchange and financial instrument gain (loss)	(1)	(1)	7	30	9	(10)	3	(16)	(1)	—	20	(1)	18	37
Deferred income tax recovery (expense)	(1)	1	18	43	2	—	—	24	12	24	123	—	252	375
Other	(21)	(3)	(6)	(30)	2	—	(2)	(13)	(12)	(23)	(108)	1	(99)	(206)
Share of earnings from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(13)	(5)	(18)
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	367	367
Net income (loss) attributable to Unitholders ⁽²⁾	\$ 189	\$ 3	\$ 87	\$ 15	\$ 8	\$ 1	\$ 4	\$ 16	\$ 21	\$ (264)	\$ 80	\$ —	\$ —	\$ 80

⁽¹⁾ Share of earnings from equity-accounted investments of \$28 million is comprised of amounts found on the share of Adjusted EBITDA, share of interest and cash taxes and share of earnings lines. Net income attributable to participating non-controlling interests – in operating subsidiaries of \$439 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.

⁽²⁾ Net income (loss) attributable to Unitholders includes net income (loss) attributable to GP interest, Redeemable/Exchangeable partnership units and LP units. Total net income (loss) includes amounts attributable to Unitholders, non-controlling interests, preferred limited partners equity and preferred equity.

The following table reconciles the non-IFRS financial measures to the most directly comparable IFRS measures. Net income (loss) attributable to Unitholders is reconciled to Funds From Operations, Proportionate Adjusted EBITDA and Consolidated Adjusted EBITDA for the years indicated:

(MILLIONS)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net income (loss) attributable to:			
Limited partners' equity	\$ (184)	\$ (88)	\$ 23
General partnership interest in a holding subsidiary held by Brookfield	62	50	41
Participating non-controlling interests – in a holding subsidiary – Redeemable/ Exchangeable units held by Brookfield	(133)	(65)	16
Class A Shares of Brookfield Renewable Corporation	(49)	—	—
Net income (loss) attributable to Unitholders	<u>\$ (304)</u>	<u>\$ (103)</u>	<u>\$ 80</u>
Depreciation	756	643	631
Foreign exchange and financial instruments loss (gain)	35	30	(20)
Deferred income tax (recovery) expense	(175)	(30)	(123)
Other	495	221	108
Funds From Operations	<u>\$ 807</u>	<u>\$ 761</u>	<u>\$ 676</u>
Distributions attributable to:			
Preferred limited partners' equity	54	44	38
Preferred equity	25	26	26
Current income taxes	26	31	13
Interest expense	485	466	486
Management service costs	217	116	84
Proportionate Adjusted EBITDA	<u>\$ 1,614</u>	<u>\$ 1,444</u>	<u>\$ 1,323</u>
Attributable to non-controlling interests	1,148	1,449	1,347
Consolidated Adjusted EBITDA	<u>\$ 2,762</u>	<u>\$ 2,893</u>	<u>\$ 2,670</u>

The following table reconciles the per unit non-IFRS financial measures to the most directly comparable IFRS measures. Basic earnings per LP unit is reconciled to Funds From Operations per Unit, for the years indicated:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Basic loss per LP unit ⁽¹⁾⁽²⁾	\$ (0.61)	\$ (0.26)	\$ 0.07
Depreciation	1.24	1.10	1.08
Foreign exchange and financial instruments loss (gain)	0.06	0.05	(0.03)
Deferred income tax (recovery) expense	(0.29)	(0.05)	(0.21)
Other	0.92	0.46	0.24
Funds From Operations per Unit ⁽¹⁾⁽³⁾	<u>\$ 1.32</u>	<u>\$ 1.30</u>	<u>\$ 1.15</u>

⁽¹⁾ Adjusted for the three-for-two Unit split effective December 11, 2020.

⁽²⁾ During the year ended December 31, 2020, on average there were 271.1 million LP units outstanding (2019: 268.3 million, 2018: 270.4 million, 2017: 260.2 million, 2016: 234.6 million).

⁽³⁾ Average units outstanding, for the year ended December 31, 2020, were 609.5 million (2019: 583.5 million, 2018: 585.6 million, 2017: 575.4 million, 2016: 549.8 million), being inclusive of GP interest, Redeemable/Exchangeable partnership units, LP units, and BEPC exchangeable shares.

CONTRACT PROFILE

We operate the business on a largely contracted basis to provide a high degree of predictability in Funds From Operations. We maintain a long-term view that electricity prices and the demand for electricity from renewable sources will rise due to a growing level of acceptance around climate change, the legislated requirements in some areas to diversify away from fossil fuel based generation and because they are becoming increasingly cost competitive.

In Brazil and Colombia, we also expect power prices will continue to be supported by the need to build new supply over the medium-to-long term to serve growing demand. In these markets, contracting for power is the only current mechanism to buy and sell power, and therefore we would expect to capture rising prices as we re-contract our power over the medium-term.

The following table sets out our contracts over the next five years for generation output in North America, Europe and certain other countries, assuming long-term average on a proportionate basis. The table excludes Brazil and Colombia, where we would expect the energy associated with maturing contracts to be re-contracted in the normal course given the construct of the respective power markets. In these countries we currently have a contracted profile of approximately 95% and 70%, respectively, of the long-term average and we would expect to maintain this going forward. Overall, our portfolio has a weighted-average remaining contract duration of 14 years on a proportionate basis.

(GWh, except as noted)	2021	2022	2023	2024	2025
Hydroelectric					
North America					
United States ⁽¹⁾	7,634	6,547	4,575	4,575	4,575
Canada	2,144	2,097	2,020	2,006	2,006
	9,778	8,644	6,595	6,581	6,581
Wind					
North America					
United States	2,840	2,777	2,802	2,305	2,295
Canada	1,358	1,358	1,358	1,358	1,358
	4,198	4,135	4,160	3,663	3,653
Europe	1,220	1,220	1,209	1,140	1,076
Asia	417	417	417	417	290
	5,835	5,772	5,786	5,220	5,019
Solar – Utility	1,890	1,910	1,924	1,929	1,923
Energy transition	708	705	702	696	686
Contracted on a proportionate basis	18,211	17,031	15,007	14,426	14,209
Uncontracted on a proportionate basis	3,501	4,681	6,705	7,286	7,503
Long-term average on a proportionate basis	21,712	21,712	21,712	21,712	21,712
Non-controlling interests	13,563	13,563	13,563	13,563	13,563
Total long-term average	35,275	35,275	35,275	35,275	35,275
Contracted generation as a % of total generation on a proportionate basis	84 %	78 %	69 %	66 %	65 %
Price per MWh – total generation on a proportionate basis	\$ 91	\$ 94	\$ 103	\$ 105	\$ 107

⁽¹⁾ Includes generation of 2,421 GWh for 2021 and 2,047 GWh for 2022 secured under financial contracts.

Weighted-average remaining contract durations on a proportionate basis are 16 years in North America, 14 years in Europe, 8 years in Brazil, 3 years in Colombia, and 18 years across our remaining jurisdictions.

In North America, over the next five years, a number of contracts will expire at our hydroelectric facilities. Based on current market prices for energy and ancillary products, we do not foresee a negative impact to cash flows from contracts expiring over the next five years.

In our Brazilian and Colombian portfolios, we continue to focus on securing long-term contracts while maintaining a certain percentage of uncontracted generation so as to mitigate hydrology risk.

The majority of Brookfield Renewable's long-term power purchase agreements within our North American and European businesses are with investment-grade rated or creditworthy counterparties. The economic exposure of our contracted generation on a proportionate basis is distributed as follows: power authorities (39%), distribution companies (24%), industrial users (20%) and Brookfield (17%).

PART 5 – LIQUIDITY AND CAPITAL RESOURCES

CAPITALIZATION

A key element of our financing strategy is to raise the majority of our debt in the form of asset-specific, non-recourse borrowings at our subsidiaries on an investment-grade basis with no maintenance covenants. Substantially all of our debt is either investment grade rated or sized to investment grade and approximately 90% of debt is project level.

The following table summarizes our capitalization as at December 31:

(MILLIONS, EXCEPT AS NOTED)	Corporate		Consolidated	
	2020	2019	2020	2019
Corporate credit facility ⁽¹⁾	\$ —	\$ 299	\$ —	\$ 299
Commercial paper ⁽¹⁾⁽²⁾	3	—	3	—
Debt				
Medium term notes ⁽³⁾	2,140	1,808	2,140	1,808
Non-recourse borrowings ⁽⁴⁾	—	—	16,006	15,227
	2,140	1,808	18,146	17,035
Deferred income tax liabilities, net ⁽⁵⁾	—	—	5,310	4,689
Equity				
Non-controlling interest	—	—	11,100	11,086
Preferred equity	609	597	609	597
Preferred limited partners' equity	1,028	833	1,028	833
Unitholders' equity	9,030	7,964	9,030	7,964
Total capitalization	\$ 12,807	\$ 11,202	\$ 45,223	\$ 42,204
Debt-to-total capitalization	17 %	16 %	40 %	40 %
Debt-to-total capitalization (market value) ⁽⁶⁾	6 %	10 %	27 %	34 %

⁽¹⁾ Draws on corporate credit facilities and commercial paper issuances are excluded from the debt-to-total capitalization ratios as they are not a permanent source of capital.

⁽²⁾ Our commercial paper program is supplemented by our \$1.75 billion corporate credit facilities with a weighted-average maturity of four years.

⁽³⁾ Medium term notes are unsecured and guaranteed by Brookfield Renewable and excludes \$8 million (2019: \$7 million) of deferred financing fees, net of unamortized premiums.

⁽⁴⁾ Consolidated non-recourse borrowings include \$15 million (2019: \$142 million) borrowed under a subscription facility of a Brookfield sponsored private fund and excludes \$59 million (2019: \$27 million) of deferred financing fees, net of unamortized premiums.

⁽⁵⁾ Deferred income tax liabilities less deferred income tax assets.

⁽⁶⁾ Based on market values of Preferred equity, Preferred limited partners' equity and Unitholders' equity.

AVAILABLE LIQUIDITY

The following table summarizes the available liquidity as at December 31:

(MILLIONS)	2020	2019
Brookfield Renewable's share of cash and cash equivalents	\$ 291	\$ 143
Investments in marketable securities	183	95
Corporate credit facilities		
Authorized credit facilities ⁽¹⁾	2,150	2,150
Draws on credit facilities	—	(299)
Authorized letter of credit facility	400	400
Issued letters of credit	(300)	(266)
Available portion of corporate credit facilities	2,250	1,985
Available portion of subsidiary credit facilities on a proportionate basis	546	472
Available liquidity	<u>\$ 3,270</u>	<u>\$ 2,695</u>

⁽¹⁾ Amounts are guaranteed by Brookfield Renewable.

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, up-financings on non-recourse borrowings and proceeds from the issuance of various securities through public markets.

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)	2020			2019		
	Weighted-average		Total	Weighted-average		Total
	Interest rate %	Term (years)		Interest rate %	Term (years)	
Corporate borrowings						
Medium term notes	3.9	14	\$ 2,140	4.1	10	\$ 1,808
Credit facilities	N/A	4	—	2.9	5	299
Commercial paper ⁽¹⁾	0.4	<1	3	N/A	N/A	N/A
Proportionate non-recourse borrowings						
Hydroelectric	4.6	9	4,123	5.6	10	3,727
Wind	3.9	10	2,540	4.5	10	1,742
Solar	3.3	13	2,534	4.9	12	1,158
Energy transition	4.0	11	864	4.6	5	547
	<u>4.0</u>	<u>11</u>	<u>10,061</u>	<u>5.1</u>	<u>10</u>	<u>7,174</u>
			<u>\$ 12,204</u>			<u>\$ 9,281</u>
Proportionate unamortized financing fees, net of unamortized premiums			(45)			(46)
			12,159			9,235
Equity-accounted borrowings			(332)			(431)
Non-controlling interests			6,255			8,496
As per IFRS Statements			<u>\$ 18,082</u>			<u>\$ 17,300</u>

⁽¹⁾ Our commercial paper program is supplemented by our \$1.75 billion corporate credit facilities.

The following table summarizes our undiscounted principal repayments, scheduled amortization and interest repayable on a proportionate basis as at December 31, 2020:

(MILLIONS)	2021	2022	2023	2024	2025	Thereafter	Total
Debt principal repayments⁽¹⁾							
Medium term notes ⁽²⁾	\$ —	\$ —	\$ —	\$ —	\$ 314	\$ 1,826	\$ 2,140
Non-recourse borrowings							
Credit facilities	48	30	100	—	—	—	178
Hydroelectric	—	210	487	81	328	1,826	2,932
Wind	—	9	184	—	—	503	696
Solar	—	—	207	—	5	416	628
Energy transition	62	—	54	—	152	—	268
	<u>110</u>	<u>249</u>	<u>1,032</u>	<u>81</u>	<u>485</u>	<u>2,745</u>	<u>4,702</u>
Amortizing debt principal repayments							
Non-recourse borrowings							
Hydroelectric	122	99	92	98	92	586	1,089
Wind	161	167	169	175	166	960	1,798
Solar	129	123	122	130	134	1,238	1,876
Energy transition	50	46	49	34	28	389	596
	<u>462</u>	<u>435</u>	<u>432</u>	<u>437</u>	<u>420</u>	<u>3,173</u>	<u>5,359</u>
Total	<u>\$ 572</u>	<u>\$ 684</u>	<u>\$ 1,464</u>	<u>\$ 518</u>	<u>\$ 1,219</u>	<u>\$ 7,744</u>	<u>\$ 12,201</u>
Interest payable⁽¹⁾⁽³⁾							
Corporate borrowings ⁽¹⁾	\$ 83	\$ 83	\$ 83	\$ 83	\$ 77	\$ 728	\$ 1,137
Non-recourse borrowings							
Hydroelectric	188	171	160	145	131	546	1,341
Wind	106	99	90	80	73	245	693
Solar	110	103	90	80	74	297	754
Energy transition	24	17	17	18	13	41	130
	<u>428</u>	<u>390</u>	<u>357</u>	<u>323</u>	<u>291</u>	<u>1,129</u>	<u>2,918</u>
Total	<u>\$ 511</u>	<u>\$ 473</u>	<u>\$ 440</u>	<u>\$ 406</u>	<u>\$ 368</u>	<u>\$ 1,857</u>	<u>\$ 4,055</u>

⁽¹⁾ Draws on corporate credit facilities and commercial paper issuances are excluded from the debt repayment schedule as they are not a permanent source of capital.

⁽²⁾ Medium term notes are unsecured and guaranteed by Brookfield Renewable and excludes \$8 million (2019: \$7 million) of deferred financing fees, net of unamortized premiums.

⁽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 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 addressing our borrowings through 2025 on acceptable terms and will do so opportunistically based on the prevailing interest rate environment.

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, we have \$2.15 billion 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.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(MILLIONS)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash flow provided by (used in):			
Operating activities	\$ 1,296	\$ 1,554	\$ 1,286
Financing activities	(792)	(402)	(684)
Investing activities	(426)	(1,211)	(1,077)
Foreign exchange (loss) gain on cash	13	(6)	(22)
(Decrease) increase in cash and cash equivalents	<u>\$ 91</u>	<u>\$ (65)</u>	<u>\$ (497)</u>

Operating Activities

Cash flows provided by operating activities for the year ended December 31, 2020, net of working capital changes, totaled \$1,451 million compared to \$1,607 million in 2019 and \$1,380 million in 2018, 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)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Trade receivables and other current assets	\$ (2)	\$ (66)	\$ (122)
Accounts payable and accrued liabilities	(91)	17	(18)
Other assets and liabilities	(62)	(4)	46
	<u>\$ (155)</u>	<u>\$ (53)</u>	<u>\$ (94)</u>

Financing Activities

Cash flows used in financing activities totaled \$792 million for the year ended December 31, 2020. Our investment grade balance sheet provided access to multiple sources of capital to fund the growth of our business as discussed below in our investing activities. This included proceeds raised from our inaugural \$200 million Series 17 Preferred Units in the United States during the first quarter of 2020, our issuance of C\$350 million (\$248 million) ten-year corporate green bonds, and C\$425 million (\$319 million) thirty-year corporate green bonds, the sale of a 40% equity interest in an 852 MW wind portfolio in the United States and net up-financing proceeds received from non-recourse financings, commercial paper and corporate credit facilities, which was more than offset by the repayments of borrowings, including our repayment of C\$400 million (\$304 million) Series 8 medium term notes prior to maturity.

Distributions paid during the year ended December 31, 2020, 2019 and 2018 to Unitholders were \$769 million, \$684 million and \$643 million, respectively. We increased our distributions to \$1.16 per LP unit (adjusted for the special distribution and Unit split) in 2020 (2019: \$1.10 and 2018: \$1.05), representing a 5% increase per LP unit, which took effect in the first quarter of 2020. The distributions paid to preferred shareholders, preferred limited partners' unitholders and participating non-controlling interests in operating subsidiaries totaled \$628 million, \$913 million and \$733 million, respectively.

Cash flows used in financing activities totaled \$402 million for the year ended December 31, 2019. To further optimize our capital structure and enhance our liquidity position, we issued C\$175 million Series 15 Preferred Units in the first quarter of 2019 and issued \$4.3 billion of long-term debt, including C\$600 million corporate green bond financings in Canada, offset by repayments of \$3.8 billion during the year, including the early redemption of our Series 7 (C\$450 million) medium term notes due 2020 which extended the average maturity of our medium term notes to ten years. To support our growth and recycle capital into more accretive opportunities, we completed the sale of an additional 25% non-controlling interest in a portfolio of select Canadian hydroelectric assets in the first quarter of 2019 for proceeds of \$268 million. Distributions paid to non-controlling interests of our operating subsidiaries increased to \$844 million in 2019, primarily due to the strong performance of our Colombian business during the year.

Cash flows used in financing activities totaled \$684 million for the year ended December 31, 2018. We completed the sale of a 25% non-controlling interest in a portfolio of select Canadian hydroelectric assets in the fourth quarter of 2018 for proceeds of \$300 million. To optimize our capital structure and enhance our liquidity position, we issued Preferred Units during the first quarter of 2018 for net proceeds of \$196 million. Distributions of \$670 million were paid to non-controlling interests of our operating subsidiaries, of which \$251 million is attributable to the growth in our portfolio.

Investing Activities

Cash flows used in investing activities totaled \$426 million for the year ended December 31, 2020. We invested \$316 million into our acquisitions, equity-accounted investments and other financial investments, including a 100 MW solar portfolio in Spain, the second tranche of our convertible securities of TransAlta and a portfolio of loans secured by almost 2,500 MW of operating assets from one of the largest non-banking financial companies in India. These investments were partially funded by the proceeds received from the completed sale of 47 MW of wind assets in Ireland completed during the fourth quarter of 2020. Our continued investment in our property, plant and equipment, including the construction of 1,800 MW of shovel-ready solar development projects in Brazil, was \$447 million.

Cash flows used in investing activities totaled \$1,211 million for the year ended December 31, 2019. During the fourth quarter of 2019, we invested \$144 million into our equity-accounted investments, including the formation of a 50-50 joint venture in respect of X-Elio. This investment was partially funded by the proceeds received from the completed sales of five of the six projects making up our wind and solar portfolio in South Africa and 191 MW of wind assets in Europe. Our continued investment in our property, plant and equipment was \$460 million. The cash used to acquire a 210 MW wind portfolio in India, a 200 MW wind facility in China, and a 320 MW distributed generation solar facility in the United States totaled \$983 million, net of cash acquired.

Cash flows used in investing activities totaled \$1,077 million for the year ended December 31, 2018. Our continued investment in our property, plant and equipment was \$271 million. The cash used to acquire Saeta, a Spanish renewable power company with over 1,000 MW of solar and wind facilities, a 49 MW solar and wind portfolio in South Africa and a 23 MW wind portfolio in Ireland in the fourth quarter of 2018 totaled \$970 million, net of cash acquired.

SHARES AND UNITS OUTSTANDING

Shares and units outstanding as at December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Class A Preference Shares⁽¹⁾	31,035,967	31,035,967
Preferred Units⁽²⁾		
Balance, beginning of year	44,885,496	37,885,496
Issuance	8,000,000	7,000,000
Balance, end of year	52,885,496	44,885,496
GP interest⁽³⁾	3,977,260	3,977,260
Redeemable/Exchangeable partnership units⁽³⁾	194,487,939	194,487,939
BEPC exchangeable shares⁽³⁾	172,180,417	—
LP units⁽³⁾		
Balance, beginning of year	268,466,704	268,231,810
Issued pursuant to merger with TerraForm Power.....	6,051,704	—
Distribution reinvestment plan	182,965	264,894
Exchanged for BEPC exchangeable shares.....	136,517	—
Repurchased for cancellation	—	(30,000)
Balance, end of year	274,837,890	268,466,704
Total LP units on a fully-exchanged basis⁽⁴⁾	<u>641,506,246</u>	<u>462,954,643</u>

(1) Class A Preference Shares are broken down by series as follows: 6,849,533 Series 1 Class A Preference Shares are outstanding; 3,110,531 Series 2 Class A Preference Shares are outstanding; 9,961,399 Series 3 Class A Preference Shares are outstanding; 4,114,504 Series 5 Class A Preference Shares are outstanding; and 7,000,000 Series 6 Class A Preference Shares are outstanding.

(2) Preferred Units are broken down by series and certain series are convertible on a one-for-one basis at the option of the holder as follows: 2,885,496 Series 5 Preferred Units are outstanding; 7,000,000 Series 7 Preferred Units are outstanding (convertible for Series 8 Preferred Units beginning on January 31, 2021); 8,000,000 Series 9 Preferred Units are outstanding (convertible for Series 10 Preferred Units beginning on July 31, 2021); 10,000,000 Series 11 Preferred Units are outstanding (convertible for Series 12 Preferred Units beginning on April 30, 2022); 10,000,000 Series 13 Preferred Units are outstanding (convertible for Series 14 Preferred Units beginning on April 30, 2023); 7,000,000 Series 15 Preferred Units are outstanding (convertible for Series 16 Preferred Units beginning on April 30, 2024); and 8,000,000 Series 17 Preferred Units are outstanding.

(3) Adjusted to reflect the three-for-two Unit split effective December 11, 2020.

(4) The fully-exchanged amounts assume the exchange of all Redeemable/Exchangeable partnership units and BEPC exchangeable shares for LP units.

DIVIDENDS AND DISTRIBUTIONS

The following table summarizes the dividends and distributions declared and paid, for the year ended December 31:

(MILLIONS)	Declared			Paid		
	2020	2019	2018	2020	2019	2018
Class A Preference Shares	\$ 25	\$ 26	\$ 26	\$ 25	\$ 26	\$ 26
Class A Preferred LP units	\$ 54	\$ 44	\$ 38	\$ 52	\$ 43	\$ 37
Participating non-controlling interests – in operating subsidiaries	\$ 551	\$ 844	\$ 664	\$ 551	\$ 844	\$ 670
GP Interest and incentive distributions	\$ 70	\$ 55	\$ 45	\$ 70	\$ 54	\$ 44
Redeemable/Exchangeable partnership units	\$ 250	\$ 268	\$ 255	\$ 250	\$ 267	\$ 254
BEPC exchangeable shares	\$ 116	\$ —	\$ —	\$ 100	\$ —	\$ —
LP units	\$ 349	\$ 370	\$ 355	\$ 349	\$ 363	\$ 345

LP unit distributions per unit on an annualized basis were increased as follows:

Date of Increase	Amount of Increase	% Increase	Annual Distribution	Distribution Effective Date
February 2016	\$0.06	7%	\$0.95	March 2016
February 2017	\$0.05	5%	\$1.00	March 2017
February 2018	\$0.05	5%	\$1.05	March 2018
February 2019	\$0.05	5%	\$1.10	March 2019
February 2020	\$0.06	5%	\$1.16	March 2020
February 2021	\$0.06	5%	\$1.22	March 2021

CONTRACTUAL OBLIGATIONS

Please see Note 29 – 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

Brookfield Renewable 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.

Brookfield Renewable 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, 2020, letters of credit issued amounted to \$716 million (2019: \$718 million).

In connection to an adverse summary judgment ruling received in a litigation relating to a historical contract dispute at its subsidiary, TerraForm Power, in which the plaintiffs were awarded approximately \$231 million plus 9% annual non-compounding interest that has accrued at the New York State statutory rate since May 2016, a surety bond was posted with the court for the judgment amount plus one year of additional 9% interest on the judgment amount. See Note 29 – Commitments, contingencies and guarantees in the audited annual consolidated financial statements for further details. See also Item 3.D “Risk Factors – Risks Relating to Our Operations and the Renewable Power Industry – We are involved in litigation and other disputes and may be subject to governmental and regulatory investigations” and Item 4.B “Business Overview – Governmental, Legal and Arbitration Proceeding – Claim relating to TerraForm Power’s First Wind Acquisition” in our Form 20-F for the annual period ending December 31, 2020.

PART 6 – SELECTED QUARTERLY INFORMATION

HISTORICAL OPERATIONAL AND FINANCIAL INFORMATION

YEAR ENDED DECEMBER 31 (MILLIONS, EXCEPT AS NOTED)	2020	2019	2018
Operational information:			
Capacity (MW)	18,844	18,883	17,419
Total generation (GWh)			
Long-term average generation	57,457	53,926	51,971
Actual generation	52,782	52,560	52,056
Proportionate generation (GWh)			
Long-term average generation	27,998	26,189	25,844
Actual generation	26,052	26,038	25,753
Average revenue (\$ per MWh)	81	78	75
Additional financial information:			
Net income (loss) attributable to Unitholders	\$ (304)	\$ (103)	\$ 80
Basic earnings (loss) per LP unit ⁽¹⁾⁽²⁾	(0.61)	(0.26)	0.07
Consolidated Adjusted EBITDA ⁽³⁾	2,762	2,893	2,670
Proportionate Adjusted EBITDA ⁽³⁾	1,614	1,444	1,323
Funds From Operations ⁽³⁾	807	761	676
Funds From Operations per Unit ⁽¹⁾⁽³⁾⁽⁴⁾	1.32	1.30	1.15
Distribution per LP unit ⁽¹⁾	1.16	1.10	1.05
YEAR ENDED DECEMBER 31 (MILLIONS, EXCEPT AS NOTED)	2020	2019	2018
Property, plant and equipment, at fair value	\$ 44,590	\$ 41,055	\$ 38,177
Equity-accounted investments	971	937	684
Total assets	49,722	46,196	43,508
Total borrowings	18,082	17,300	16,546
Deferred income tax liabilities	5,515	4,855	4,355
Other liabilities	4,358	3,561	3,205
Participating non-controlling interests – in operating subsidiaries	11,100	11,086	10,289
General partnership interest in a holding subsidiary held by Brookfield	56	68	67
Participating non-controlling interests – in a holding subsidiary – Redeemable/ Exchangeable units held by Brookfield	2,721	3,317	3,266
Class A shares of Brookfield Renewable Corporation	2,408	—	—
Preferred equity	609	597	568
Preferred limited partners' equity	1,028	833	707
Limited partners' equity	3,845	4,579	4,505
Total liabilities and equity	49,722	46,196	43,508
Debt-to-total capitalization (market value) ⁽⁵⁾	27 %	34 %	34 %

(1) Adjusted for the three-for-two Unit split effective December 11, 2020.

(2) For the year ended December 31, 2020, average LP units totaled 271.1 million (2019: 268.3 million 2018: 270.4 million 2017: 260.2 million 2016: 234.6 million).

(3) 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".

(4) Average Units outstanding for the year ended December 31, 2020 totaled 609.5 million (2019: 583.5 million, 2018: 585.6 million, 2017: 575.4 million, and 2016: 549.8 million), being inclusive of our LP units, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and GP interest.

(5) Based on market values of Preferred equity, Preferred limited partners' equity and Unitholders' equity.

SUMMARY OF HISTORICAL QUARTERLY RESULTS

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

(MILLIONS, EXCEPT AS NOTED)	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Generation (GWh) – LTA	14,333	13,446	15,527	14,151	13,850	12,332	14,252	13,493
Total Generation (GWh) – actual	13,247	12,007	13,264	14,264	12,465	11,089	14,881	14,125
Proportionate Generation (GWh) – LTA	7,354	6,618	7,309	6,717	6,561	5,821	7,109	6,698
Proportionate Generation (GWh) – actual	6,583	5,753	6,552	7,164	5,977	5,213	7,602	7,246
Revenues	\$ 952	\$ 867	\$ 942	\$ 1,049	\$ 965	\$ 897	\$ 1,051	\$ 1,058
Net income (loss) attributable to Unitholders	(120)	(162)	(23)	1	(74)	(58)	21	8
Basic earnings (loss) per LP unit⁽¹⁾	(0.22)	(0.29)	(0.07)	(0.03)	(0.15)	(0.12)	0.02	(0.01)
Consolidated Adjusted EBITDA	717	611	677	757	727	649	770	777
Proportionate Adjusted EBITDA	456	371	396	391	348	301	400	395
Funds From Operations	201	157	232	217	171	133	230	227
Funds From Operations per Unit ⁽¹⁾	0.31	0.25	0.40	0.37	0.29	0.23	0.39	0.39
Distribution per LP unit ⁽¹⁾	0.29	0.29	0.29	0.29	0.275	0.275	0.275	0.275

⁽¹⁾ Adjusted for the three-for-two Unit split effective December 11, 2020.

PROPORTIONATE RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31

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

	(GWh)				(MILLIONS)							
	Actual Generation		LTA Generation		Revenues		Adjusted EBITDA		Funds From Operations		Net Income (Loss)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Hydroelectric												
North America	2,514	2,858	2,912	2,912	\$ 182	\$ 205	\$ 104	\$ 130	\$ 67	\$ 93	\$ 4	\$ 3
Brazil	849	817	1,007	1,009	39	61	63	37	58	31	58	4
Colombia	966	749	977	968	57	63	38	37	23	26	21	16
	4,329	4,424	4,896	4,889	278	329	205	204	148	150	83	23
Wind												
North America	1,132	779	1,349	934	90	56	58	43	39	31	36	(28)
Europe	338	241	357	267	41	24	51	17	45	10	13	7
Brazil	143	176	169	172	6	10	6	8	4	5	2	(2)
Asia	123	107	104	104	8	7	8	6	5	2	(1)	4
	1,736	1,303	1,979	1,477	145	97	123	74	93	48	50	(19)
Solar	303	139	339	139	77	26	84	29	52	16	34	(23)
Energy transition⁽¹⁾	215	111	140	56	54	33	39	22	28	16	15	8
Corporate	—	—	—	—	—	—	5	19	(120)	(59)	(302)	(63)
Total	6,583	5,977	7,354	6,561	\$ 554	\$ 485	\$ 456	\$ 348	\$ 201	\$ 171	\$ (120)	\$ (74)

⁽¹⁾ Actual generation includes 98 GWh (2019: 66 GWh) from facilities that do not have a corresponding long-term average. See PART 9 – Presentation to Stakeholders’ for why we do not consider long-term average for certain of our facilities.

For the three months ended December 31, 2020, Funds From Operations were \$201 million versus \$171 million in the prior year. Funds From Operations increased \$30 million primarily due to contributions from growth, predominately from the merger of TerraForm Power, strong asset availability, and higher margins due to cost reduction initiatives.

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, 2020:

(MILLIONS)	Attributable to Unitholders											Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials ⁽¹⁾
	Hydroelectric			Wind					Energy transition	Corporate	Total			
	North America	Brazil	Colombia	North America	Europe	Brazil	Asia	Solar						
Revenues	\$ 182	\$ 39	\$ 57	\$ 90	\$ 41	\$ 6	\$ 8	\$ 77	\$ 54	\$ —	\$ 554	\$ (18)	\$ 416	\$ 952
Other income	13	38	2	4	21	1	(1)	32	5	13	128	(27)	(24)	77
Direct operating costs	(91)	(14)	(21)	(36)	(11)	(1)	1	(25)	(20)	(8)	(226)	9	(140)	(357)
Share of Adjusted EBITDA from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	36	9	45
Adjusted EBITDA	104	63	38	58	51	6	8	84	39	5	456	—	261	
Management service costs	—	—	—	—	—	—	—	—	—	(85)	(85)	—	1	(84)
Interest expense	(40)	(2)	(8)	(19)	(4)	(2)	(2)	(31)	(10)	(20)	(138)	6	(111)	(243)
Current income taxes	3	(3)	(7)	—	(2)	—	(1)	(1)	(1)	—	(12)	2	(27)	(37)
Distributions attributable to Preferred limited partners equity	—	—	—	—	—	—	—	—	—	(14)	(14)	—	—	(14)
Preferred equity	—	—	—	—	—	—	—	—	—	(6)	(6)	—	—	(6)
Share of interest and cash taxes from equity accounted investments	—	—	—	—	—	—	—	—	—	—	—	(8)	(4)	(12)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(120)	(120)
Funds From Operations	67	58	23	39	45	4	5	52	28	(120)	201	—	—	
Depreciation	(69)	(14)	(5)	(48)	(29)	(4)	(3)	(28)	(14)	(2)	(216)	1	(122)	(337)
Foreign exchange and financial instruments gain (loss)	(8)	(4)	(2)	15	(5)	(1)	(1)	5	(7)	6	(2)	1	116	115
Deferred income tax recovery (expense)	38	4	2	22	4	—	1	16	8	50	145	(4)	44	185
Other	(24)	14	3	8	(2)	3	(3)	(11)	—	(236)	(248)	9	(68)	(307)
Share of earnings from equity accounted investments	—	—	—	—	—	—	—	—	—	—	—	(7)	5	(2)
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	25	25
Net income (loss) attributable to Unitholders ⁽²⁾	<u>\$ 4</u>	<u>\$ 58</u>	<u>\$ 21</u>	<u>\$ 36</u>	<u>\$ 13</u>	<u>\$ 2</u>	<u>\$ (1)</u>	<u>\$ 34</u>	<u>\$ 15</u>	<u>\$ (302)</u>	<u>\$ (120)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (120)</u>

⁽¹⁾ Share of earnings from equity-accounted investments of \$31 million is comprised of amounts found on the share of Adjusted EBITDA, share of interest and cash taxes and share of earnings lines. Net income attributable to participating non-controlling interests – in operating subsidiaries of \$95 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.

⁽²⁾ Net income (loss) attributable to Unitholders includes net income (loss) attributable to GP interest, Redeemable/Exchangeable partnership units, LP units and BEPC exchangeable shares. Total net income (loss) includes amounts attributable to Unitholders, non-controlling interests, preferred limited partners equity and preferred equity.

The following table reflects Adjusted EBITDA and Funds From Operations and provides reconciliation to net income (loss) for the three months ended December 31, 2019:

(MILLIONS)	Attributable to Unitholders											Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials ⁽¹⁾
	Hydroelectric			Wind				Solar	Energy transition	Corporate	Total			
	North America	Brazil	Colombia	North America	Europe	Brazil	Asia							
Revenues	\$ 205	\$ 61	\$ 63	\$ 56	\$ 24	\$ 10	\$ 7	\$ 26	\$ 33	\$ —	\$ 485	\$ (19)	\$ 499	\$ 965
Other income	1	(1)	—	—	1	—	—	11	2	25	39	(8)	(3)	28
Direct operating costs	(76)	(23)	(26)	(13)	(8)	(2)	(1)	(8)	(13)	(6)	(176)	8	(158)	(326)
Share of Adjusted EBITDA from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	19	10	29
Adjusted EBITDA	130	37	37	43	17	8	6	29	22	19	348	—	348	
Management service costs	—	—	—	—	—	—	—	—	—	(38)	(38)	—	(6)	(44)
Interest expense	(37)	(4)	(9)	(15)	(5)	(3)	(3)	(13)	(5)	(22)	(116)	3	(142)	(255)
Current income taxes	—	(2)	(2)	3	(2)	—	(1)	—	(1)	—	(5)	2	(17)	(20)
Distributions attributable to Preferred limited partners equity	—	—	—	—	—	—	—	—	—	(11)	(11)	—	—	(11)
Preferred equity	—	—	—	—	—	—	—	—	—	(7)	(7)	—	—	(7)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(5)	(3)	(8)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(180)	(180)
Funds From Operations	93	31	26	31	10	5	2	16	16	(59)	171	—	—	
Depreciation	(59)	(18)	(6)	(32)	(13)	(5)	(3)	(22)	(6)	(2)	(166)	3	(184)	(347)
Foreign exchange and financial instruments gain (loss)	11	(6)	(3)	(2)	9	(3)	1	2	(2)	7	14	(3)	28	39
Deferred income tax recovery (expense)	(12)	1	1	(1)	8	—	2	—	—	24	23	—	8	31
Other	(30)	(4)	(2)	(24)	(7)	1	2	(19)	—	(33)	(116)	9	(62)	(169)
Share of earnings from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(9)	(4)	(13)
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	214	214
Net income (loss) attributable to Unitholders ⁽²⁾	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 16</u>	<u>\$ (28)</u>	<u>\$ 7</u>	<u>\$ (2)</u>	<u>\$ 4</u>	<u>\$ (23)</u>	<u>\$ 8</u>	<u>\$ (63)</u>	<u>\$ (74)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (74)</u>

⁽¹⁾ Share of earnings from equity-accounted investments of \$8 million is comprised of amounts found on the share of Adjusted EBITDA, share of interest and cash taxes and share of earnings lines. Net loss attributable to participating non-controlling interests – in operating subsidiaries of \$34 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.

⁽²⁾ Net income (loss) attributable to Unitholders includes net income (loss) attributable to GP interest, Redeemable/Exchangeable partnership units and LP units. Total net income (loss) includes amounts attributable to Unitholders, non-controlling interests, preferred limited partners equity and preferred equity.

The following table reconciles the non-IFRS financial metrics to the most directly comparable IFRS measures. Net income attributable to Unitholders is reconciled to Funds From Operations, Proportionate Adjusted EBITDA, and Consolidated Adjusted EBITDA for the three months ended December 31:

(MILLIONS)	2020	2019
Net income (loss) attributable to:		
Limited partners' equity.....	\$ (61)	\$ (51)
General partnership interest in a holding subsidiary held by Brookfield.....	16	14
Participating non-controlling interests – in a holding subsidiary – Redeemable/ Exchangeable units held by Brookfield.....	(44)	(37)
Class A shares of Brookfield Renewable Corporation.....	(31)	—
Net income (loss) attributable to Unitholders.....	\$ (120)	\$ (74)
Adjusted for proportionate share of:		
Depreciation.....	216	166
Foreign exchange and financial instruments loss (gain).....	2	(14)
Deferred income tax recovery.....	(145)	(23)
Other.....	248	116
Funds From Operations.....	\$ 201	\$ 171
Distributions attributable to:		
Preferred limited partners' equity.....	14	11
Preferred equity.....	6	7
Current income taxes.....	12	5
Interest expense.....	138	116
Management service costs.....	85	38
Proportionate Adjusted EBITDA.....	\$ 456	\$ 348
Attributable to non-controlling interests.....	261	348
Consolidated Adjusted EBITDA.....	\$ 717	\$ 696

The following table reconciles the per Unit non-IFRS financial measures to the most directly comparable IFRS measures. Basic earnings per LP unit is reconciled to Funds From Operations per Unit, for the three months ended December 31:

	2020	2019
Basic loss per LP unit ⁽¹⁾⁽²⁾	\$ (0.22)	\$ (0.15)
Depreciation.....	0.33	0.28
Foreign exchange and financial instruments loss.....	—	(0.02)
Deferred income tax expense.....	(0.22)	(0.04)
Other.....	0.42	0.22
Funds From Operations per Unit ⁽¹⁾⁽³⁾	\$ 0.31	\$ 0.29

⁽¹⁾ Adjusted for the three-for-two Unit split effective December 11, 2020.

⁽²⁾ Average LP units outstanding for the three months ended December 31, 2020 were 274.8 million (2019: 268.4 million).

⁽³⁾ Average Units for the three months ended December 31, 2020 were 645.5 million (2019: 583.6 million), being inclusive of LP units, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and GP interest.

PART 7 – BUSINESS RISKS AND RISK MANAGEMENT

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Management’s objectives are to protect Brookfield Renewable 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 Brookfield Renewable’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.	<ul style="list-style-type: none"> - 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, 2020, we had, on a proportionate basis, approximately 84% of 2021 generation (2019: 95% of 2020 generation) contracted under short-term and long-term power purchase agreements and financial contracts, excluding Brazil and Colombia. See “Part 4 – Financial Performance Review on Proportionate Information”
Foreign currency	We are exposed to foreign currency risk – including Canadian dollar, Brazilian real, Euro, British pound sterling, Colombian peso, Indian rupee, Chinese yuan and Malaysia Ringgit – related to operations, anticipated transactions, and certain foreign currency debt.	<ul style="list-style-type: none"> - Enter into foreign currency contracts designed to minimize the exposure to foreign currency fluctuations - 40% of cash flow is generated in the United States while Canadian Dollar and Euro exposure, representing 30% of our portfolio, is proactively managed through foreign currency contracts - Limited foreign currency contracts to hedge our exposure to currencies in South America and Asia – representing 30% of our portfolio – due to the high costs associated with 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 interest rate risk on the interest rates of our variable-rate debt, and on dividend and distribution rate resets on our Class A Preference Shares and Preferred Units, respectively.	<ul style="list-style-type: none"> - 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 - Our proportionate floating rate exposure represents 9% of our total debt, after affecting for variable-rate debt that has been hedged through the use of interest rate swaps. Our floating 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
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.	<ul style="list-style-type: none"> - 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, 2020, 84% (2019: 72%) of Brookfield Renewable's trade receivables were current

Financial Risk	Description of Risk	Management of Risk
Liquidity	<p>We are exposed to liquidity risk for financial liabilities.</p> <p>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 and distribution payments to shareholders and Unitholders, respectively. Under the credit agreements for subsidiary debt, it is conventional for distributions of cash to Brookfield Renewable 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 20 – Capital management of the annual consolidated financial statement for further disclosures.</p>	<ul style="list-style-type: none"> - As at December 31, 2020, available liquidity was \$3.3 billion. Liquidity is comprised of our share of cash and cash equivalents, investments in marketable securities, the available portion of the corporate credit facilities, and our share of subsidiary credit facilities. Details of the available liquidity 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

RISK FACTORS

The following represents the most relevant risk factors relating to Brookfield Renewable's business, and is not all-inclusive. For a description of other possible risks please see the Form 20-F which can be accessed on EDGAR and SEDAR.

Risks Relating to Our Operations and the Renewable Power Industry

Changes to hydrology at our hydroelectric facilities, wind conditions at our wind energy facilities, irradiance at our solar facilities or weather conditions generally, as a result of climate change or otherwise, at any of our facilities could adversely affect the volume of electricity generated.

The revenues generated by our facilities are correlated to the amount of electricity generated, which in turn is dependent upon available water flows and upon wind, irradiance and weather conditions generally. Hydrology, wind, irradiance and weather conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors.

If one or more of our generation facilities were to be subject in the future to flooding, extreme weather conditions (including severe wind storms and droughts), fires, natural disasters, or if unexpected geological or other adverse physical conditions were to develop at any of our generation facilities, the generation capacity of that facility could be significantly reduced or eliminated. For example, our hydroelectric facilities depend on the availability of water flows within the watersheds in which we operate and could be materially impacted by changes to hydrology patterns, such as droughts. In the event of severe flooding, our hydrology facilities may be damaged. Wind energy and solar energy are highly dependent on weather conditions and, in particular, on wind conditions and irradiance, respectively. The profitability of a wind farm depends not only on observed wind conditions at the site, which are inherently variable, but also on whether observed wind conditions are consistent with assumptions made during the project development phase or when a given project was acquired. Similarly, projections of solar resources depend on assumptions about weather patterns, shading and irradiance, which are inherently uncertain and may not be consistent with actual conditions at the site. A sustained decline in water flow at our hydroelectric facilities or in wind conditions at our wind energy facilities or of irradiance at our solar facilities could lead to an adverse change in the volume of electricity generated, revenues and cash flow.

Climate change may increase the frequency and severity of severe weather conditions and may change existing weather patterns in ways that are difficult to anticipate, which could result in more frequent and severe disruptions to our generation facilities and the power markets in which we operate. In addition, customers' energy needs generally vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, customers' energy use could increase or decrease depending on the duration and magnitude of changing weather conditions, which could adversely affect our business, results of operations and cash flows.

Supply and demand in the energy market is volatile and such volatility could have an adverse impact on electricity prices and an adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

A portion of our revenues are tied, either directly or indirectly, to the wholesale market price for electricity in the markets in which we operate. Wholesale market electricity prices are impacted by a number of factors including: the price of fuel (for example, natural gas) that is used to generate electricity; the management of generation and the amount of excess generating capacity relative to load in a particular market; the cost of controlling emissions of pollution, including the cost of emitting carbon dioxide; the structure of the electricity market; and weather conditions (such as extremely hot or cold weather) that impact electrical load.

In the long term, there is uncertainty surrounding the trend in electricity demand growth, which is influenced by: macroeconomic conditions; absolute and relative energy prices; and energy conservation and demand-side management. Correspondingly, from a supply perspective, there are uncertainties associated with the timing of generating plant retirements – in part driven by environmental regulations – and with the scale, pace and structure of replacement capacity, again reflecting a complex interaction of economic and political pressures and environmental preferences. This volatility and uncertainty in the power market generally, including the non-renewable power market, could have an adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

As our contracts expire, we may not be able to replace them with agreements on similar terms.

Certain PPAs in our portfolio will be subject to re-contracting in the future. If the price of electricity in power markets is declining at the time of such re-contracting, it may impact our ability to re-negotiate or replace these contracts on terms that are acceptable to us, or at all. In addition, a concentrated pool of potential buyers for electricity generated by our renewable energy facilities in certain jurisdictions may restrict our ability to negotiate favorable terms under new PPAs or existing PPAs that are subject to re-contracting. We cannot provide any assurance that we will be able to re-negotiate or replace these contracts once they expire, and even if we are able to do so, we cannot provide any assurance that we will be able to obtain the same prices or terms we currently receive. If we are unable to re-negotiate or replace these contracts, or unable to secure prices at least equal to the current prices we receive, our business, financial condition, results of operation and prospects could be adversely affected.

Advances in technology could impair or eliminate the competitive advantage of our projects.

Technology related to the production of renewable power and conventional power generation are continually advancing, resulting in a gradual decline in the cost of producing electricity. If advances in technology further reduce the cost of producing power, the competitive advantage of our existing projects may be significantly impaired or eliminated and our assets, liabilities, business, financial condition, results of operations and cash flow could be adversely affected as a result.

The amount of uncontracted generation in our portfolio may increase.

As at December 31, 2020, approximately 84% of our generation (on a proportionate basis) was contracted over the following five years under long-term, fixed price contracts with creditworthy counterparties. In 2019 and 2020, approximately 90% of our generation (on a proportionate basis) was contracted in each of those calendar years. The portion of our portfolio that is uncontracted may increase gradually over time. We may sell electricity from our uncontracted generation into the spot-market or other competitive power markets from time to time. With respect to such transactions, we are not guaranteed any rate of return on our capital investments through mandated rates, and revenues and results of operations are likely to depend, in large part, upon prevailing market prices. These market prices may fluctuate substantially over relatively short periods of time and could, in certain circumstances, have an adverse effect on our business, financial condition, results of operations and cash flows.

The occurrence of dam failures could result in a loss of generating capacity and damage to the environment, third parties or the public, which could require us to expend significant amounts of capital and other resources and expose us to significant liability.

The occurrence of dam failures at any of our hydroelectric generating stations or the occurrence of dam failures at other generating stations or dams operated by third parties whether upstream or downstream of our hydroelectric generating stations could result in a loss of generating capacity until the failure has been repaired. If the failure is at one of our facilities, repairing such failure could require us to expend significant amounts of capital and other resources. As noted above, such failures could also result in damage to the environment or damages and harm to third parties or the public, which could expose us to significant liability. A dam failure at a generating station or dam operated by a third party could result in new and potentially onerous regulations that could impact Brookfield Renewable's facilities. Any such new regulations could require material capital expenditures to maintain compliance and our financial position could be adversely affected.

We may be exposed to force majeure events.

The occurrence of a significant event that disrupts the ability of our generation assets to produce or sell power for an extended period, including events which preclude customers from purchasing electricity, could have an adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flow. In addition, force majeure events affecting our assets could result in damage to the environment or harm to third parties or the public, which could expose us to significant liability. Our generation assets could be exposed to severe weather conditions, natural disasters, epidemics and potentially catastrophic events. An assault or an act of malicious destruction, cyber-attacks, sabotage or terrorism committed on our generation assets could also disrupt our ability to generate or sell power. In certain cases, there is the potential that some events may not excuse Brookfield Renewable from performing its obligations pursuant to agreements with third parties and therefore may expose Brookfield Renewable to liability. In addition, certain of our generation assets are located in remote areas which may make

access for repair of damage difficult.

Developments associated with the COVID-19 pandemic could have an adverse effect on our business.

The rapid spread of the COVID-19 virus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken globally in response to COVID-19, have significantly disrupted international business activities. The COVID-19 pandemic has resulted in governments around the world implementing stringent measures to help control the spread of the virus, including quarantines, social distancing protocols, “shelter in place” and “stay at home” orders, travel restrictions, business curtailments, school closures and other measures. Governments and central banks around the world have enacted fiscal and monetary stimulus measures to counteract the effects of the COVID-19 pandemic and various other response measures, however, the overall magnitude and long-term effectiveness of these actions remain uncertain. In addition, our business relies, to a certain extent, on free movement of goods, services, and capital from around the world, which has been significantly restricted as a result of COVID-19. We have implemented a response plan to maintain our operations despite the outbreak of the virus, including extra safety precautions with respect to our personnel and contingency plans with respect to our facilities. However, we may experience direct or indirect impacts from the pandemic, including delays in development or construction activities in our business and have some risk that our contract counterparties could fail to meet their obligations.

To date, we have not experienced the material impact to our operations, financial condition, cash flows or financial performance that has been experienced by many other businesses. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and our business or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including, but not limited to, new information which may emerge concerning the severity of COVID-19, additional actions which may be taken to contain COVID-19 or treat its impact, such as re-imposing previously lifted measures or putting in place additional restrictions, and the pace, availability, distribution and acceptance of effective vaccines. Such developments could have an adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flow.

We are subject to foreign currency risk which may adversely affect the performance of our operations and our ability to manage such risk depends, in part, on our ability to implement an effective hedging strategy.

A significant portion of our current operations are in countries where the U.S. dollar is not the functional currency. These operations pay distributions in currencies other than the U.S. dollar, which we must convert to U.S. dollars prior to making such distributions. A significant depreciation in the value of such foreign currencies, measures introduced by foreign governments to control inflation or deflation, currency exchange or export controls may have an adverse effect on our business, financial condition, results of operations and cash flows. When managing our exposure to currency risks, we use foreign currency forward contracts and other strategies to mitigate currency risk and there can be no assurances that these strategies will be successful.

Energy marketing risks may have an adverse effect on our business.

Our energy marketing business involves the establishment of trading positions in the wholesale and retail energy markets. To the extent that we enter into forward purchase contracts or take long positions in the energy markets, a downturn in market prices could result in losses from a decline in the value of such long positions. Conversely, to the extent that we enter into forward sales contracts or take short positions in the energy markets, an upturn in market prices could expose us to losses as we attempt to cover any short positions by acquiring energy in a rising market.

Our trading positions can be impacted by volatility in the energy markets that, in turn, depend on various factors, including weather in various geographical areas and short-term supply and demand imbalances, which cannot be predicted with any certainty. A shift in the energy markets could adversely affect our positions which could also have an adverse effect on our business.

Although we employ a number of risk management controls in order to limit exposure to risks arising from trading activities, we cannot guarantee that losses will not occur and such losses may be outside the parameters of our risk controls.

There are general industry risks associated with the power markets in which we operate.

We currently operate in power markets in North America, Brazil, Colombia, Europe and Asia, each of which is affected by competition, price, supply of and demand for power, the location of import/export transmission lines and overall political, economic and social conditions and policies. Our operations are also largely concentrated in a relatively small number of countries, and accordingly are exposed to country-specific risks (such as weather conditions, local economic conditions or political/regulatory environments) that could disproportionately affect us. A general and extended decline in the North American, South American, European or Asian economies, or in the economies of the specific countries in which we operate, or sustained conservation efforts to reduce electricity consumption, could have the effect of reducing demand for electricity and could thereby have an adverse effect on our business, financial condition, results of operations and cash flows.

Our operations are exposed to health, safety, security and environmental risks.

The ownership, construction and operation of our generation assets carry an inherent risk of liability related to health, safety, security and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination or damage. We could also be exposed to potential penalties for contravention of health, safety, security and environmental laws and potential civil liability. In the ordinary course of business we incur capital and operating expenditures to comply with health, safety, security and environmental laws, to obtain and comply with licenses, permits and other approvals and to assess and manage related risks. The cost of compliance with these laws (and any future laws or amendments enacted) may increase over time and result in additional material expenditures. We may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety, security and environmental matters as a result of which our operations may be limited or suspended. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of health, safety, security and environmental laws could have an adverse impact on operations and result in additional material expenditures. Additional environmental, health and safety issues relating to presently known or unknown matters may require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) that may be adverse to our business and results of operations.

Counterparties to our contracts may not fulfill their obligations.

If, for any reason, any of the purchasers of power under our PPAs, including Brookfield, are unable or unwilling to fulfill their contractual obligations under the relevant PPA or if they refuse to accept delivery of power pursuant to the relevant PPA, our assets, liabilities, business, financial condition, results of operations and cash flow could be adversely affected as we may not be able to replace the agreement with an agreement on equivalent terms and conditions. External events, such as a severe economic downturn, could impair the ability of some counterparties to the PPAs or some customers to pay for electricity received. In addition, inadequate performance by counterparties to operation and maintenance contracts related to certain of our assets or investments may increase the risk of operational or mechanical failures of such facilities.

We rely on computerized business systems, which could expose us to cyber-attacks.

Our business relies on information technology. In addition, our business relies upon telecommunication services to remotely monitor and control our assets and interface with regulatory agencies, wholesale power markets and customers. The information and embedded systems of key business partners, including suppliers of the information technology systems on which we rely, and regulatory agencies are also important to our operations. In light of this, we may be subject to cyber security risks or other breaches of information technology security intended to obtain unauthorized access to our proprietary information and that of our business partners, destroy data or disable, degrade, or sabotage these systems through the introduction of computer viruses, fraudulent emails, cyber attacks and other means, and such breaches could originate from a variety of sources including our own employees or unknown third parties. There can be no assurance that measures implemented to protect the integrity of these systems will provide adequate protection, and any such breach of our information technology could go undetected for an extended period of time. A breach of our cyber security measures or the failure or malfunction of any of our computerized business systems, associated backup or data storage systems could cause us to suffer a disruption in one or more parts of our business and experience, among other things, financial loss, a loss of business opportunities, misappropriation or unauthorized release of confidential or personal information, damage to our

systems and those with whom we do business, violation of privacy and other laws, litigation, regulatory penalties and remediation and restoration costs as well as increased costs to maintain our systems. For example, the European General Data Protection Regulation, which came into effect in May 2018, includes stringent operational requirements for entities processing personal information and significant penalties for non-compliance. Cyber-security breaches or failures of our information technology systems could have an adverse effect on our business operations, financial reporting, financial condition and results of operations, and result in reputational damage.

Risks Relating to Financing

Our ability to finance our operations is subject to various risks relating to the state of capital markets.

We expect to finance future acquisitions, the development and construction of new facilities and other capital expenditures out of cash generated from our operations, capital recycling, debt and possible future issuances of equity. There is debt throughout our corporate structure that will need to be replaced from time to time: BEP, BRELP and the Holding Entities have corporate debt and many Operating Entities have limited recourse project level debt (which is non-recourse to BEP). Our ability to obtain debt or equity financing to fund our growth, and our ability to refinance existing indebtedness, is dependent on, among other factors, the overall state of capital markets (as well as local market conditions, particularly in the case of non-recourse financings), continued operating performance of our assets, future electricity market prices, the level of future interest rates, lenders' and investors' assessment of our credit risk, capital markets conditions and investor appetite for investments in renewable energy and infrastructure assets in general and in Brookfield Renewable's securities in particular. Also, Brookfield Renewable's financing agreements contain conditions that limit our ability to repay indebtedness prior to maturity without incurring penalties, which may limit our ability to raise capital and financing on favorable terms. To the extent that external sources of capital become limited or unavailable or available on onerous terms, our ability to fund acquisitions and make necessary capital investments to construct new or maintain existing facilities will be impaired, and as a result, our business, financial condition, results of operations and prospects may be adversely affected.

We are subject to operating and financial restrictions through covenants in our loan, debt and security agreements.

Brookfield Renewable is subject to operating and financial restrictions through covenants in our loan, debt and security agreements. These restrictions prohibit or limit our ability to, among other things, incur additional debt, provide guarantees for indebtedness, grant liens, dispose of assets, liquidate, dissolve, amalgamate, consolidate or effect corporate or capital reorganizations, declare distributions, issue equity interests, and create subsidiaries. A financial covenant in our corporate bonds and in our corporate bank credit facilities limits our overall indebtedness to a percentage of total capitalization, a restriction which may limit our ability to obtain additional financing, withstand downturns in our business and take advantage of business and development opportunities. If we breach our covenants, our credit facilities may be terminated or come due and such event may cause our credit rating to deteriorate and subject Brookfield Renewable to higher interest and financing costs. From time to time, we also acquire businesses and assets that have debt obligations that are in default. We may also be required to seek additional debt financing on terms that include more restrictive covenants, require repayment on an accelerated schedule or impose other obligations that limit our ability to grow our business, acquire needed assets or take other actions that we might otherwise consider appropriate or desirable.

Changes in our credit ratings may have an adverse effect on our financial position and ability to raise capital.

We cannot assure you that any credit rating assigned to Brookfield Renewable or any of our operating subsidiaries or their debt securities will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such ratings may have an adverse effect on our financial position and ability to raise capital.

Risks Relating to Our Growth Strategy

We may be unable to identify sufficient investment opportunities and complete transactions, as planned.

Our strategy for building value for our Unitholders is to seek to acquire or develop high-quality assets and businesses that generate sustainable and increasing cash flows, with the objective of achieving appropriate risk-adjusted returns on our invested capital over the long-term. However, there is no certainty that we will be able to find sufficient investment opportunities and complete transactions that meet our investment criteria. Our investment criteria consider, among other things, the financial, operating, governance and strategic merits of a proposed acquisition including whether we expect it will meet our targeted return hurdle and, as such, there is no certainty that we will be able to continue growing our business by making acquisitions or developing assets at attractive returns. Competition for assets is significant and competition from other well-capitalized investors or companies may significantly increase the purchase price or prevent us from completing an acquisition. We may also decline opportunities that we do not believe meet our investment criteria, which our competition may pursue instead. Further, our growth initiatives may be subject to a number of closing conditions, including, as applicable, third party consents, regulatory approvals (including from competition authorities) and other third-party approvals or actions that are beyond our control. If all or some of our growth initiatives are unable to be completed on the terms agreed, we may need to delay certain acquisitions or abandon them altogether. If returns are lower than anticipated from such initiatives, we also may not be able to achieve growth in our distributions in line with our stated goals and the market value of our Units may decline.

The completion of new acquisitions can have the effect of significantly increasing the scale and scope of our operations, including operations in new geographic areas and industry sectors, and the Service Providers may have difficulty managing these additional operations. In addition, acquisitions involve risks to our business.

A key part of our strategy will involve seeking acquisition opportunities upon Brookfield's recommendation and allocation of opportunities to us. Acquisitions may increase the scale, scope and diversity of our operating businesses. We depend on the diligence and skill of Brookfield's and our professionals to effectively manage Brookfield Renewable, integrating acquired businesses with our existing operations. These individuals may have difficulty managing additional acquired businesses and may have other responsibilities within Brookfield's asset management business. If any such acquired businesses are not effectively integrated and managed, our existing business, financial condition and results of operations may be adversely affected.

Future acquisitions will likely involve some or all of the following risks, which could materially and adversely affect our business, financial condition or results of operations: the difficulty of integrating the acquired operations and personnel into our current operations; potential disruption of our current operations; diversion of resources, including Brookfield's time and attention; the difficulty of managing the growth of a larger organization; the risk of entering markets in which we have little experience; the risk of becoming involved in labor, commercial or regulatory disputes or litigation related to the new enterprise (see Item 4.B "Business Overview — Governmental, Legal and Arbitration Proceedings — Claim Relating to TerraForm Power's First Wind Acquisition"); risk of environmental or other liabilities associated with the acquired business; and the risk of a change of control resulting from an acquisition triggering rights of third parties or government agencies under contracts with, or authorizations held by the operating business being acquired. While it is our practice to conduct extensive due diligence investigations into businesses being acquired, it is possible that due diligence may fail to uncover all material risks in the business being acquired, or to identify a change of control trigger in a material contract or authorization, or that a contractual counterparty or government agency may take a different view on the interpretation of such a provision to that taken by Brookfield Renewable, thereby resulting in a dispute. The discovery of any material liabilities subsequent to an acquisition, as well as the failure of an acquisition to perform according to expectations, could have an adverse effect on our business, financial condition and results of operations. In addition, if returns are lower than anticipated from new acquisitions, we may not be able to achieve growth in our distributions in line with our stated goals and the market value of our securities may decline.

There are several factors which may affect our ability to develop existing sites, repower existing projects and find new sites suitable for the development of power projects.

Our ability to realize our development growth plans is dependent on our ability to develop existing sites, to repower existing projects that are nearing the end of their useful lives, and to find new sites suitable for development into viable projects. Our ability to maintain a development permit often requires specific development steps to be undertaken. Successful development of renewable power projects is typically dependent on a number of factors, including: the ability to secure or renew our rights to an attractive site on reasonable terms, often following lengthy negotiations and/or competitive bidding processes; accurately measuring resource availability at levels deemed economically attractive for continued project development; the ability to secure new or renewed approvals, licenses and permits; the acceptance of local stakeholders, including in some cases, Indigenous peoples; the ability to secure transmission interconnection access or agreements; the ability to successfully integrate new projects or technologies into existing assets; the ability to acquire suitable labour, equipment and construction services on acceptable terms; the ability to attract construction project financing; and the ability to secure a long-term PPA or other sales contract on reasonable terms. Each of these factors can be critical in determining whether or not a particular development project might ultimately be suitable for construction. Failure to achieve any one of these elements may prevent the development and construction of a project. When this occurs we may lose all of our investment in development expenditures and may be required to write-off project development assets.

Development projects may also require large areas of land on which the new projects are to be constructed and operated. Rights to use land can be obtained through freehold title, leases and other rights of use. Land title systems vary by jurisdiction and in some cases it may not be possible to ascertain definitively who has the legal right to enter into land tenure arrangements with the asset owner or to secure the consent of all land owners. A government, court, regulator, Indigenous group, landowner or other stakeholder may make a decision or take action that adversely affects the development of a project or the demand for its services. For example, a regulator may restrict our access to an asset, or may require us to provide third parties with access. The restriction or curtailment of our rights with respect to an asset by a regulator or otherwise may negatively impact the success of our projects.

Our ability to develop power projects is subject to construction risks and risks associated with the arrangements we enter into with communities and joint venture partners.

Our ability to develop an economically successful project, whether as a greenfield project or by way of a repowering of an existing project, is dependent on, among other things, our ability to construct a particular project on-time and on-budget. The construction and development of generating facilities is subject to environmental, engineering and construction risks that could result in cost-overruns, delays and reduced performance. A number of factors that could cause such delays, cost over-runs or reduced performance include, but are not limited to, changes in local laws or difficulties in obtaining permits, rights of way or approvals, changing engineering and design requirements, construction costs exceeding estimates for various reasons, including inaccurate engineering and planning, failures to properly estimate the cost of raw materials, components, equipment, labor or the inability to timely obtain them, unanticipated problems with project start-up, the performance of contractors, the insolvency of the head contractor, a major subcontractor and/or a key equipment supplier, labor disruptions, inclement weather, defects in design, engineering or construction (including, without limitation, latent defects that do not materialize during an applicable warranty or limitation period) and project modifications. A delay in the projected completion of a project can result in a material increase in total project construction costs through higher capitalized interest charges, additional labor and other expenses, and a resultant delay in the commencement of cash flow. In addition, such unexpected issues may result in increased debt service costs, operations and maintenance expenses and damage payments for late delivery or the failure to meet agreed upon generation levels. This may result in an inability of the project to meet the higher interest and principal repayments arising from the additional debt required. Protracted delays could also result in a given project being in default of other terms of any applicable construction financing arrangements.

In addition, we enter into various types of arrangements with communities and joint venture partners, including in some cases, Indigenous peoples, for the development of projects. In some circumstances, we may be required to notify, consult, or obtain the consent of certain stakeholders, such as Indigenous peoples, landowners, and/or municipalities. In some jurisdictions where we have greenfield power projects, it may be possible to claim Indigenous rights to land and the existence or declaration of Indigenous title may affect the existing or future activities of our projects and impact their business, financial condition and results of operations. In Canada, for example, courts have recognized that Indigenous peoples possess constitutionally protected rights in respect of land used or occupied by their ancestors where treaties have not been concluded to deal with these rights. Certain of these communities and partners may have or may develop interests or objectives which are different from or even in conflict with our objectives. Any such differences could have a negative impact on the success of our projects.

A significant portion of our current operations and related assets are subject to foreign laws and regulations, and we may pursue acquisitions in new markets that are subject to foreign laws or regulations that are more onerous or uncertain than the laws and regulations we are currently subject to.

A significant portion of our current operations and related assets are in Brazil, Colombia, Europe and Asia, and we may pursue acquisitions in new foreign markets that are regulated by foreign governments and regulatory authorities and subject to foreign laws. Foreign laws or regulations may not provide for the same type of legal certainty and rights in connection with their contractual relationships in such countries as are afforded to projects in, for example, the United States, which may adversely affect their ability to receive revenues or enforce their rights in connection with their foreign operations. In addition, the laws and regulations of some countries may limit our ability to hold a majority interest in some of the projects that we may develop or acquire, thus limiting our ability to control the development, construction and operation of such projects. Any existing or new operations may be subject to significant political, economic and financial risks, which vary by country, and may include: (i) changes in government policies, including protectionist policies, or personnel; (ii) changes in general economic conditions; (iii) restrictions on currency transfer or convertibility; (iv) changes in labor relations; (v) political instability and civil unrest; (vi) regulatory or other changes in the local electricity market; (vii) less developed or efficient financial markets than in North America; (viii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements; (ix) less government supervision and regulation; (x) a less developed legal or regulatory environment; (xi) heightened exposure to corruption risk; (xii) political hostility to investments by foreign investors; (xiii) less publicly available information in respect of companies; (xiv) adversely higher or lower rates of inflation; (xv) higher transaction costs; (xvi) difficulty in enforcing contractual obligations, breach or repudiation of important contractual undertakings by governmental entities and expropriation and confiscation of assets and facilities for less than fair market value; and (xvii) fewer investor protections.

Other Risks Relating to Brookfield Renewable

We are not, and do not intend to become, regulated as an investment company under the Investment Company Act of 1940, or the Investment Company Act (and similar legislation in other jurisdictions) and, if we were deemed an “investment company” under the Investment Company Act, applicable restrictions could make it impractical for us to operate as contemplated.

The Investment Company Act (and similar legislation in other jurisdictions) provides certain protections to investors and imposes certain restrictions on companies that are required to be regulated as investment companies. Among other things, such rules limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities and impose certain governance requirements. We have not been and do not intend to become regulated as an investment company and we intend to conduct our activities so we will not be deemed to be an investment company under the Investment Company Act (and similar legislation in other jurisdictions). In order to ensure that we are not deemed to be an investment company, we may be required to materially restrict or limit the scope of our operations or plans. We will be limited in the types of acquisitions that we may make, and we may need to modify our organizational structure or dispose of assets which we would not otherwise dispose of. Moreover, if anything were to happen which would cause us to be deemed an investment company under the Investment Company Act, it would be impractical for us to operate as contemplated. Agreements and arrangements between and among Brookfield Renewable and Brookfield would be impaired, the type and number of acquisitions that we would be able to make as a principal would be limited and our business, financial condition and results of operations would be adversely affected. Accordingly, we would be required to take extraordinary steps to address the situation, such

as the amendment or termination of the Master Services Agreement, the restructuring of Brookfield Renewable and our operating subsidiaries, the amendment of our governing documents or the dissolution of BEP, any of which could materially adversely affect the value of our LP units.

Risks Relating to Our Relationship with Brookfield

Brookfield exercises substantial influence over Brookfield Renewable and we are highly dependent on the Service Providers.

A subsidiary of Brookfield Asset Management is the sole shareholder of the Managing General Partner. As a result of its ownership of the Managing General Partner, Brookfield is able to control the appointment and removal of the Managing General Partner's directors and, accordingly, exercise substantial influence over Brookfield Renewable. In addition, BEP holds its interest in the Operating Entities indirectly through BRELP and will hold any future acquisitions indirectly through BRELP, the general partner of which is indirectly owned by Brookfield. As BEP's only substantial asset is the limited partnership interests that it holds in BRELP, except future rights under the Voting Agreement, BEP does not have a right to participate directly in the management or activities of BRELP or the Holding Entities, including with respect to the making of decisions (although it has the right to remove and replace the BRELP GP LP).

BEP and BRELP depend on the management and administration services provided by or under the direction of the Service Provider under our Master Services Agreement. Brookfield personnel and support staff that provide services to us under our Master Services Agreement are not required to have as their primary responsibility the management and administration of BEP or BRELP or to act exclusively for either of us and our Master Services Agreement does not require any specific individuals to be provided by Brookfield to BEP. Failing to effectively manage our current operations or to implement our strategy could have an adverse effect on our business, financial condition and results of operations. Our Master Services Agreement continues in perpetuity, until terminated in accordance with its terms.

The departure of some or all of Brookfield's professionals could prevent us from achieving our objectives.

We depend on the diligence, skill and business contacts of Brookfield's professionals and the information and opportunities they generate during the normal course of their activities. Our future success will depend on the continued service of these individuals, who are not obligated to remain employed with Brookfield. Brookfield has experienced departures of key professionals in the past and may do so in the future, and we cannot predict the impact that any such departures will have on our ability to achieve our objectives. The departure of a significant number of Brookfield's professionals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have an adverse effect on our ability to achieve our objectives. The Amended and Restated Limited Partnership Agreement of BEP and our Master Services Agreement do not require Brookfield to maintain the employment of any of its professionals or to cause any particular professionals to provide services to us or on our behalf.

PART 8 – CRITICAL ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The audited annual consolidated financial statements are prepared in accordance with IFRS, which require 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 our audited annual consolidated financial statements are considered critical accounting estimates as defined in Canadian National Instrument 51-102 – Continuous Disclosure Obligations with the exception of the estimates related to the valuation of property, plant and equipment and the related deferred income tax 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, provisions, purchase price allocations, useful lives, asset valuations, asset impairment testing, deferred tax liabilities, decommissioning retirement obligations 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 report. 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. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on Brookfield Renewable’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

Brookfield Renewable 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 (“OCI”) 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 Brookfield Renewable’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 13 – Property, plant and equipment, at fair value in our audited annual consolidated financial statements. Judgment is involved in determining the appropriate estimates and assumptions in the valuation of Brookfield Renewable’s property, plant and equipment. See Note 1(s)(iii) – Critical judgments in applying accounting policies – Property, plant and equipment in our audited annual consolidated financial statements for further details.

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

(ii) Financial instruments

Brookfield Renewable 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. Non-financial instruments are valued using estimates of future electricity prices which are estimated by considering broker quotes for the years in which there is a liquid market and for the subsequent years Brookfield Renewable’s best estimate of electricity prices that would allow new entrants into the market. 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 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 statements of financial position dates. Operating plans and forecasts are used to estimate when the temporary difference will reverse.

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 and 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 Brookfield Renewable. Judgment is required in determining what assets, liabilities and transactions are recognized in the consolidated financial statements as pertaining to Brookfield Renewable’s operations.

(ii) Common control transactions

Common control business combinations specifically fall outside the scope of IFRS 3, Business Combinations (“IFRS 3”), and as such management has used its judgment to determine an appropriate policy to account for these transactions. Consideration was given to other relevant accounting guidance within the framework of principles in IFRS and to reflect the economic reality of the transactions, in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”). As a result, the consolidated financial statements account for assets and liabilities acquired at the previous carrying value on the predecessor’s financial statements. 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 Brookfield Renewable’s property, plant and equipment is described in Note 1(h) – Property, plant and equipment and revaluation method in our audited annual consolidated financial statements. 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, Brookfield Renewable 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 Brookfield Renewable 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 storage & 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.

Brookfield Renewable'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, 2028 in Colombia, 2023 in Europe and 2024 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 Europe, and overall increasing demand in Colombia and Brazil. For the North American and European businesses, Brookfield Renewable 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 Brookfield Renewable's financial instruments is described in Note 1(l) – Financial instruments in our audited annual consolidated financial statements. In applying the policy, judgments are made in applying the criteria set out in IFRS 9 – Financial instruments (“IFRS 9”) to record financial instruments at fair value through profit and loss, and the assessments of the effectiveness of hedging relationships.

(v) Deferred income taxes

The accounting policy relating to Brookfield Renewable's income taxes is described in Note 1(n) – Income taxes in our audited annual consolidated financial statements. 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

There have been no new changes to IFRS with an impact on Brookfield Renewable in 2020.

FUTURE CHANGES IN ACCOUNTING POLICIES

Amendments to IFRS 9 and IFRS 7: Disclosures

Interbank offered rates (“IBOR”) reform refers to the global reform of interest reference rates, which includes the replacement of specified IBORs with alternative benchmark rates. It is currently expected that Secured Overnight Financing Rate (“SOFR”) will replace US\$ LIBOR, Sterling Overnight Index Average (“SONIA”) will replace £ LIBOR, and Euro Short-term Rate (“€STR”) will replace € EURIBOR. Brookfield Renewable adopted Interest Rate Benchmark Reform – Amendments to IFRS 9, and IFRS 7, issued by the IASB in September 2019 (“Phase I Amendments”), effective October 1, 2019 in advance of its mandatory effective date. The Phase I

Amendments provided clarity where uncertainty could arise in the lead-up to transition. The IBOR Phase I Amendments have been applied retrospectively to hedging relationships existing at the start of the reporting period or designated subsequently, and to the amount accumulated in the cash flow hedge reserve at that date.

The IBOR Phase I Amendments provide temporary relief from applying specific hedge accounting requirements to Brookfield Renewable's hedging relationships that are directly affected by IBOR reform, which primarily include US\$ LIBOR, £ LIBOR, and € EURIBOR. The relief provided has the effect that Brookfield Renewable should not have to discontinue hedging relationships solely due to the uncertainty arising from IBOR reform. In assessing whether a hedge is expected to be highly effective on a forward-looking basis, Brookfield Renewable assumes the interest rate benchmarks associated with Brookfield Renewable's hedges are generally not altered by IBOR reform. These reliefs cease to apply to a hedged item or hedging instrument, as applicable, at the earlier of (i) when the uncertainty arising from IBOR reform is no longer present with respect to the timing and amount of the interest rate benchmark based future cash flows, and (ii) when the hedging relationship is discontinued. The Phase I Amendments had no impact on Brookfield Renewable since these amendments enable Brookfield Renewable to continue hedge accounting for hedging relationships which have been previously designated.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Disclosures

On August 27, 2020, the IASB published Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (“Phase II Amendments”), effective January 1, 2021, with early adoption permitted. The Phase II Amendments provide additional guidance to address issues that will arise during the transition of benchmark interest rates. The Phase II Amendments primarily relate to the modification of financial assets, financial liabilities and lease liabilities where the basis for determining the contractual cash flows changes as a result of IBOR reform, allowing for prospective application of the applicable benchmark interest rate and to the application of hedge accounting, providing an exception such that changes in the formal designation and documentation of hedge accounting relationships that are needed to reflect the changes required by IBOR reform do not result in the discontinuation of hedge accounting or the designation of new hedging relationships.

Brookfield Renewable has completed an assessment and implemented its transition plan to address the impact and effect changes as a result of amendments to the contractual terms of IBOR referenced floating-rate borrowings, interest rate swaps, and updating hedge designations. The adoption is not expected to have a significant impact on Brookfield Renewable's financial reporting.

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, 2023. Brookfield Renewable is currently assessing the impact of these amendments.

There are currently no other future changes to IFRS with potential impact on Brookfield Renewable.

SUBSEQUENT EVENTS

Subsequent to year-end, Brookfield Renewable, alongside institutional partners, entered into a commitment to invest COP 411 billion (\$111 million) to acquire a 40 MW hydroelectric portfolio in Colombia. The transaction is expected to close in the first quarter of 2021, subject to customary closing conditions, with Brookfield Renewable expected to hold a 24% interest.

Subsequent to year-end, Brookfield Renewable, alongside institutional partners, entered into a commitment to invest COP 153 billion (\$41 million) to acquire a 38 MW portfolio of solar development projects in Colombia. The transaction is expected to close in the first quarter of 2021, subject to customary closing conditions, with Brookfield Renewable expected to hold a 24% interest.

Subsequent to year-end, Brookfield Renewable, together with its institutional partners, closed its purchase of a 23% interest in Polenergia, a large scale renewable business in Poland, in connection with its previously announced tender offer alongside Polenergia's current majority shareholder, at a cost of approximately \$175 million (approximately \$44 million net to Brookfield Renewable for a 6% interest). Brookfield Renewable, together with its institutional partners and Polenergia's current majority shareholder, will collectively hold a 75% interest in the company.

PART 9 – PRESENTATION TO STAKEHOLDERS AND PERFORMANCE MEASUREMENT

PRESENTATION TO PUBLIC STAKEHOLDERS

Equity

Brookfield Renewable's consolidated equity interests include (i) non-voting publicly traded LP units, held by public unitholders and Brookfield, (ii) BEPC exchangeable shares, held by public shareholders and Brookfield, (iii) Redeemable/Exchangeable Limited partnership units in BRELP, a holding subsidiary of Brookfield Renewable, held by Brookfield, and (iv) the GP interest in BRELP, held by Brookfield.

The LP units, the BEPC exchangeable shares and the Redeemable/Exchangeable partnership units have the same economic attributes in all respects, except that the BEPC exchangeable shares provide the holder, and the Redeemable/Exchangeable partnership units provide Brookfield, the right to request that all or a portion of such shares or units be redeemed for cash consideration. Brookfield Renewable, however, has the right, at its sole discretion, to satisfy any such redemption request with LP units, rather than cash, on a one-for-one basis. The public holders of BEPC exchangeable shares, and Brookfield, as holder of BEPC exchangeable shares and Redeemable/Exchangeable Partnership Units, participates in earnings and distributions on a per unit basis equivalent to the per unit participation of the LP units. Because Brookfield Renewable, at its sole discretion, has the right to settle any redemption request in respect of BEPC exchangeable shares and Redeemable/Exchangeable partnership units with LP units, the BEPC exchangeable shares and Redeemable/Exchangeable partnership units are classified under equity, and not as a liability.

Given the exchange feature referenced above, we are presenting LP units, BEPC exchangeable shares, Redeemable/Exchangeable partnership units, and the GP Interest as separate components of consolidated equity. This presentation does not impact the total income (loss), per unit or share information, or total consolidated equity.

Actual and Long-term Average Generation

For assets acquired, disposed or reaching 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. Energy transition includes generation from our distributed generation, pumped storage, North America cogeneration and Brazil biomass assets.

North America hydroelectric long-term average is the expected average level of generation based on the results of a simulation based on historical inflow data performed over a period of typically 30 years. Colombia hydroelectric long-term average is the expected average level of generation based on the results of a simulation based on historical inflow data performed over a period of typically 20 years. For substantially all of our hydroelectric assets in Brazil the long-term average is based on the reference amount of electricity allocated to our facilities under the market framework which levelizes generation risk across producers. Wind long-term average is the expected average level of generation based on the results of simulated historical wind speed data performed over a period of typically 10 years. Solar long-term average is the expected average level of generation based on the results of a simulation using historical irradiance levels in the locations of our projects from the last 14 to 20 years combined with actual generation data during the operational period.

We compare actual generation levels against the long-term average to highlight the impact of an important factor that affects the variability of our business results. In the short-term, we recognize that hydrology, wind and irradiance conditions will vary from one period to the next; over time however, we expect our facilities will continue to produce in line with their long-term averages, which have proven to be reliable indicators of performance.

Our risk of a generation shortfall in Brazil continues to be minimized by participation in the MRE 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.

Generation from our pumped storage and cogeneration facilities in North America is highly dependent on market price conditions rather than the generating capacity of the facilities. Our pumped storage facility in Europe generates on a dispatchable basis when required by our contracts for ancillary services. Generation from our biomass facilities in Brazil is dependent on the amount of sugar cane harvested in a given year. For these reasons, we do not consider a long-term average for these facilities.

Voting Agreements with Affiliates

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

For entities previously controlled by Brookfield Asset Management, the voting agreements entered into do not represent business combinations in accordance with IFRS 3, as all combining businesses are ultimately controlled by Brookfield Asset Management both before and after the transactions were completed. Brookfield Renewable 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 December 31, 2020 audited 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) solar, 4) energy transition (distributed generation, pumped storage, cogeneration and biomass), and 5) corporate – with hydroelectric and wind further segmented by geography (i.e., North America, Colombia, Brazil, Europe and Asia). This best reflects the way in which the CODM reviews results of our company.

The reporting to the CODM was revised during the year to incorporate the energy transition business of Brookfield Renewable. The energy transition 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 energy transition 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 Annual and Quarterly 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 Brookfield Renewable’s share from facilities which it accounts for using consolidation and the equity method whereby Brookfield Renewable either controls or exercises significant influence or joint control over the investment, respectively. Proportionate information provides a Unitholder 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 Unitholders.

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 Brookfield Renewable’s proportionate share of earnings 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.

Brookfield Renewable 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 Brookfield Renewable’s legal claim to such items, and the removal of financial statement amounts that are attributable to non-controlling interests does not extinguish Brookfield Renewable’s legal claims or exposures to such items.

Unless the context indicates or requires otherwise, information with respect to the megawatts (“MW”) attributable to Brookfield Renewable’s facilities, including development assets, is presented on a consolidated basis, including with respect to facilities whereby Brookfield Renewable 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.

Brookfield Renewable uses Adjusted EBITDA to assess the performance of Brookfield Renewable before the effects of interest expense, income taxes, depreciation, management service costs, non-controlling interests, unrealized gain or loss on financial instruments, non-cash gain or loss from equity-accounted investments, distributions to preferred shareholders and preferred limited partnership unit holders and other typical non-recurring items. Brookfield Renewable 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. Brookfield Renewable includes realized disposition gains and losses on assets that we 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.

Brookfield Renewable believes that presentation of this measure will enhance an investor's ability to evaluate its 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 Brookfield Renewable.

Brookfield Renewable uses Funds From Operations to assess the performance of Brookfield Renewable 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. In the consolidated financial statements of Brookfield Renewable, the revaluation approach is used in accordance with IAS 16, Property, Plant and Equipment, whereby depreciation is determined based on a revalued amount, thereby reducing comparability with 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. Management adds back deferred income taxes on the basis that they do not believe this item reflects the present value of the actual tax obligations that they expect Brookfield Renewable to incur over the long-term investment horizon of Brookfield Renewable.

Brookfield Renewable believes that analysis and presentation of Funds From Operations on this basis will enhance an investor's understanding of the performance of Brookfield Renewable. Funds From Operations is not a substitute measure of performance for earnings per share and does not represent amounts available for distribution.

Funds From Operations is not intended to be representative of cash provided by operating activities or results of operations determined in accordance with IFRS. Furthermore, this measure is not used by the CODM to assess Brookfield Renewable's liquidity.

Proportionate Debt

Proportionate debt is presented based on the proportionate share of borrowings obligations relating to the investments of Brookfield Renewable 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 Brookfield Renewable'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 Brookfield Renewable has financed its businesses at the asset-level. Management believes that the proportionate presentation, when read in conjunction with Brookfield Renewable's reported results under IFRS, including consolidated debt, provides a more meaningful assessment of how the operations of Brookfield Renewable are performing and capital is being managed. The presentation of proportionate debt 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 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 Brookfield Renewable and aggregate proportionate debt for all of the portfolio investments of Brookfield Renewable; and
- Other companies may calculate proportionate debt differently.

Because of these limitations, the proportionate financial information of Brookfield Renewable should not be considered in isolation or as a substitute for the financial statements of Brookfield Renewable 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 Brookfield Renewable. 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, but are not limited to, statements regarding the quality of Brookfield Renewable’s assets and the resiliency of the cash flow they will generate, our anticipated financial performance, future commissioning of assets, contracted portfolio, technology diversification, acquisition opportunities, expected completion of acquisitions, future energy prices and demand for electricity, economic recovery, achieving long-term average generation, project development and capital expenditure costs, diversification of shareholder base, energy policies, economic growth, growth potential of the renewable asset class, our future growth prospects and distribution profile, our access to capital and future dividends and distributions made to holders of LP units and BEPC’s exchangeable shares. 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” or variations of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “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 changes to hydrology at our hydroelectric facilities, to wind conditions at our wind energy facilities, to irradiance at our solar facilities or to weather generally, as a result of climate change or otherwise, at any of our facilities; volatility in supply and demand in the energy markets; our inability to re-negotiate or replace expiring PPAs on similar terms; increases in water rental costs (or similar fees) or changes to the regulation of water supply; advances in technology that impair or eliminate the competitive advantage of our projects; an increase in the amount of uncontracted generation in our portfolio; industry risks relating to the power markets in which we operate; the termination of, or a change to, the MRE balancing pool in Brazil; increased regulation on our operations; concessions and licenses expiring and not being renewed or replaced on similar terms; our real property rights for wind and solar renewable energy facilities being adversely affected by the rights of lienholders and leaseholders that are superior to those granted to us; increases in the cost of operating our facilities; our failure to comply with conditions in, or our inability to maintain, governmental permits; equipment failures, including relating to wind turbines and solar panels; dam failures and the costs and potential liabilities associated with such failures; force majeure events; uninsurable losses and higher insurance premiums; adverse changes in currency exchange rates and our inability to effectively manage foreign currency exposure; availability and access to interconnection facilities and transmission systems; health, safety, security and environmental risks; energy marketing risks; counterparties to our contracts not fulfilling their obligations; the time and expense of enforcing contracts against non-performing counterparties and the uncertainty of success; our operations being affected by local communities; fraud, bribery, corruption, other illegal acts or inadequate or failed internal processes or systems; some of our acquisitions may be of distressed companies, which may subject us to increased risks, including the incurrence of legal or other expenses; our reliance on computerized business systems, which could expose us to cyber-attacks; newly developed technologies in which we invest not performing as anticipated; labor disruptions and economically unfavorable collective bargaining agreements; our inability to finance our operations due to the status of the capital markets; operating and financial restrictions imposed on us by

our loan, debt and security agreements; changes to our credit ratings; our inability to identify sufficient investment opportunities and complete transactions; the growth of our portfolio and our inability to realize the expected benefits of our transactions or acquisitions; our inability to develop greenfield projects or find new sites suitable for the development of greenfield projects; delays, cost overruns and other problems associated with the construction and operation of generating facilities and risks associated with the arrangements we enter into with communities and joint venture partners; Brookfield Asset Management's election not to source acquisition opportunities for us and our lack of access to all renewable power acquisitions that Brookfield Asset Management identifies, including by reason of conflicts of interest; we do not have control over all of our operations or investments; political instability or changes in government policy; pandemics or epidemics, including risks associated with the global pandemic caused by COVID-19, and the related global reduction in commerce and travel and substantial volatility in stock markets worldwide, which may result in a decrease of cash flows and impairment losses and/or revaluations of our investments and assets; foreign laws or regulation to which we become subject as a result of future acquisitions in new markets; changes to government policies that provide incentives for renewable energy; a decline in the value of our investments in securities, including publicly traded securities of other companies; we are not subject to the same disclosure requirements as a U.S. domestic issuer; the separation of economic interest from control within our 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, preferred units or BEPC exchangeable shares; the incurrence of debt at multiple levels within our organizational structure; being deemed an "investment company" under the U.S. Investment Company Act of 1940; the effectiveness of our internal controls over financial reporting; our dependence on Brookfield Asset Management and Brookfield Asset Management's significant influence over us; the departure of some or all of Brookfield Asset Management's key professionals; our lack of independent means of generating revenue; changes in how Brookfield Asset Management elects to hold its ownership interests in Brookfield Renewable; Brookfield Asset Management acting in a way that is not in our best interests or our Unitholders;; the severity, duration and spread of the COVID-19 outbreak, as well as the direct and indirect impacts that the virus may have; broader impact of climate change; failure of our systems technology; involvement in litigation and other disputes, and governmental and regulatory investigations; any changes in the market price of the BEP units and BEPC exchangeable shares; and other factors described in our Annual Report on Form 20-F.

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 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, Funds From Operations and Funds From Operations per Unit which are not generally accepted accounting measures under IFRS and therefore may differ from definitions of Adjusted EBITDA, Funds From Operations and Funds From Operations per Unit 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"), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS. We believe that Adjusted EBITDA, Funds From Operations and Funds From Operations per Unit are useful supplemental measures that may assist investors in assessing our financial performance. None of Adjusted EBITDA, Funds From Operations or Funds From Operations per Unit 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, Funds From Operations and Funds From Operations per Unit 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 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 Partners L.P. ("Brookfield Renewable") 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 Accountants appointed by the directors of the general partner of Brookfield Renewable, 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 general partner of Brookfield Renewable acting through its Audit Committee, which is comprised of directors who are not officers or employees of Brookfield Renewable. 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 26, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Brookfield Renewable Partners Limited (General Partner of Brookfield Renewable Partners L.P.) and Partners of Brookfield Renewable Partners L.P.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Brookfield Renewable Partners L.P. (“Brookfield Renewable” or “the Partnership”) as of December 31, 2020 and 2019, the related consolidated statements of income (loss), comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, 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 Brookfield Renewable as at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, 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”), Brookfield Renewable’s internal control over financial reporting as of December 31, 2020, 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 26, 2021 expressed an unqualified opinion thereon.

Change in Reporting Entity

As discussed in Note 1(c) iii) to the consolidated financial statements, the Partnership has retrospectively presented the common control transaction with TerraForm Power which occurred on July 31, 2020 that has been accounted for under the pooling of interest method.

Adoption of New Accounting Standard

As discussed in Note 1(i) to the consolidated financial statements, Brookfield Renewable changed its method of accounting for Leases in 2019 due to the adoption of IFRS 16, Leases.

Basis for Opinion

These consolidated financial statements are the responsibility of Brookfield Renewable’s management. Our responsibility is to express an opinion on Brookfield Renewable’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 Brookfield Renewable 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 Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate 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 critical audit matters 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

<i>Description of the Matter</i>	<i>Revaluation of power generating assets</i>
	<p>The Partnership 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, 2020, property, plant and equipment on the balance sheet totaled \$44,590 million. Revaluations of property, plant and equipment recognized in the statement of other comprehensive income totaled a gain of \$4,112 million and a loss in the statement of profit or loss of \$(75) million for 2020. As discussed in Notes 1(h), 1(r)(i) and 1(s)(iii) and 13 – <i>Property, Plant and Equipment, at Fair Value</i> 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.</p> <p>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 Partnership’s power generating assets. Significant assumptions included within the discounted cash flow models are future electricity prices, discount rates, anticipated long-term average generation and estimated operating and capital expenditures.</p> <p>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.</p>

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 Partnership'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 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 discount rates which included consideration of benchmark interest rates, geographic location, contracted versus uncontracted assets 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 to third party data for a selection of assets and 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 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 a sample of power generating assets and comparing them to multiples of comparable public companies.

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

Significant acquisition

Description of the Matter

During 2020, the Partnership completed the acquisition of the Spanish CSP Portfolio, for total consideration of \$121 million. As described in Notes 1(o) and 3, this business combination is accounted for using the acquisition method, and the results of operations have been included in the consolidated financial statements since the date of acquisition.

Auditing the above noted acquisition is complex given that significant estimation is required in determining the fair value of the power generating assets acquired. The significant assumptions include replacement cost per megawatt, discount rates, future power pricing in the regulated market and estimated future generation volume. These assumptions are forward looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

To test the fair value of the power generating assets, our audit procedures included, among others, assessing the significant assumptions described above and testing the completeness and accuracy of the underlying data. For example, we evaluated the estimated cash flows by comparing the estimated generation volume to third party engineering reports and to generation assumptions used for other assets within the Partnership's portfolio in the region, as well as comparing the forward power pricing to regulatory rates. We involved our valuation specialists to assist in evaluating the valuation methodologies and the significant assumptions, including replacement cost and discount rates, used in the Partnership's models.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

We have served as Brookfield Renewable's auditor since 2011.

Toronto, Canada
February 26, 2021

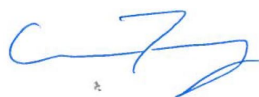
INTERNAL CONTROL OVER FINANCIAL REPORTING

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Brookfield Renewable Partners L.P. ("Brookfield Renewable") 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 Brookfield Renewable's internal control over financial reporting as of December 31, 2020, 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, 2020, Brookfield Renewable's internal control over financial reporting is effective. Management excluded from its design and assessment of the internal controls of investments acquired in 2020, which include the 100 MW concentrated solar portfolio in Spain, whose total assets and net assets on a combined basis constitute approximately 2% and 1%, respectively, of the consolidated financial statement amounts as of December 31, 2020 and 2% and 3% of revenues and net loss, respectively, for the year then ended.

Brookfield Renewable's internal control over financial reporting as of December 31, 2020, has been audited by Ernst & Young LLP, the Independent Registered Public Accounting Firm, who also audited Brookfield Renewable's consolidated financial statements for the year ended December 31, 2020. As stated in the Report of Independent Registered Public Accounting Firm, Ernst & Young LLP expressed an unqualified opinion on the effectiveness of Brookfield Renewable's internal control over financial reporting as of December 31, 2020.



Connor Teskey
Chief Executive Officer



Wyatt Hartley
Chief Financial Officer

February 26, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Brookfield Renewable Partners Limited (General Partner of Brookfield Renewable Partners L.P.) and Partners of Brookfield Renewable Partners L.P.

Opinion on Internal Control Over Financial Reporting

We have audited Brookfield Renewable Partners L.P.’s (“Brookfield Renewable”) internal control over financial reporting as of December 31, 2020, 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, Brookfield Renewable maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

As indicated in the accompanying Management’s Report on Internal Control Over Financial Reporting, management’s assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the 100 MW concentrated solar portfolio in Spain acquired in 2020, which is included in the 2020 consolidated financial statements of Brookfield Renewable and constituted approximately 2% and 1% of total and net assets, respectively, as of December 31, 2020 and 2% and 3% of revenues and net loss, respectively, for the year then ended. Our audit of internal control over financial reporting of Brookfield Renewable also did not include an evaluation of the internal control over financial reporting of the 100 MW concentrated solar portfolio in Spain acquired in 2020.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the 2020 consolidated financial statements of Brookfield Renewable and our report dated February 26, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

Brookfield Renewable’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 Brookfield Renewable’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 Brookfield Renewable 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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 26, 2021

BROOKFIELD RENEWABLE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31
(MILLIONS)

	Notes	2020	2019
Assets			
Current assets			
Cash and cash equivalents	22	\$ 431	\$ 352
Restricted cash	23	208	189
Trade receivables and other current assets	24	928	979
Financial instrument assets	6	62	88
Due from related parties	30	56	60
Assets held for sale	5	57	352
		<u>1,742</u>	<u>2,020</u>
Financial instrument assets	6	407	225
Equity-accounted investments	21	971	937
Property, plant and equipment, at fair value	13	44,590	41,055
Intangible assets	14	232	241
Goodwill	19	970	949
Deferred income tax assets	12	205	166
Other long-term assets	25	605	603
		<u>\$ 49,722</u>	<u>\$ 46,196</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	26	\$ 625	\$ 687
Financial instrument liabilities	6	283	246
Due to related parties	30	506	139
Corporate borrowings	15	3	—
Non-recourse borrowings	15	1,141	1,133
Provisions	29	304	81
Liabilities directly associated with assets held for sale	5	14	137
		<u>2,876</u>	<u>2,423</u>
Financial instrument liabilities	6	668	480
Corporate borrowings	15	2,132	2,100
Non-recourse borrowings	15	14,806	14,067
Deferred income tax liabilities	12	5,515	4,855
Provisions	27, 29	712	590
Other long-term liabilities	28	1,246	1,201
Equity			
Non-controlling interests			
Participating non-controlling interests – in operating subsidiaries	16	11,100	11,086
General partnership interest in a holding subsidiary held by Brookfield	16	56	68
Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield	16	2,721	3,317
Class A shares of Brookfield Renewable Corporation	16	2,408	—
Preferred equity	16	609	597
Preferred limited partners' equity	17	1,028	833
Limited partners' equity	18	3,845	4,579
		<u>\$ 21,767</u>	<u>\$ 20,480</u>
		<u>\$ 49,722</u>	<u>\$ 46,196</u>

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

Approved on behalf of Brookfield Renewable Partners L.P.:



Patricia Zuccotti
Director



David Mann
Director

BROOKFIELD RENEWABLE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

YEAR ENDED DECEMBER 31
(MILLIONS, EXCEPT AS NOTED)

	Notes	2020	2019	2018
Revenues.....	30	\$ 3,810	\$ 3,971	\$ 3,797
Other income.....	8	128	105	75
Direct operating costs.....	9	(1,274)	(1,263)	(1,273)
Management service costs.....	30	(235)	(135)	(94)
Interest expense.....	15	(976)	(1,001)	(973)
Share of earnings from equity-accounted investments.....	21	27	29	28
Foreign exchange and financial instruments gain (loss).....	6	127	(36)	37
Depreciation.....	13	(1,367)	(1,271)	(1,151)
Other.....	10	(432)	(276)	(206)
Income tax (expense) recovery				
Current.....	12	(66)	(70)	(32)
Deferred.....	12	213	27	375
		<u>147</u>	<u>(43)</u>	<u>343</u>
Net (loss) income.....		<u>\$ (45)</u>	<u>\$ 80</u>	<u>\$ 583</u>
Net (loss) income attributable to:				
Non-controlling interests				
Participating non-controlling interests – in operating subsidiaries.....	16	\$ 180	\$ 113	\$ 439
General partnership interest in a holding subsidiary held by Brookfield.....	16	62	50	41
Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield.....	16	(133)	(65)	16
Class A shares of Brookfield Renewable Corporation.....		(49)	—	—
Preferred equity.....	16	25	26	26
Preferred limited partners' equity.....	17	54	44	38
Limited partners' equity.....	18	(184)	(88)	23
		<u>\$ (45)</u>	<u>\$ 80</u>	<u>\$ 583</u>
Basic and diluted (loss) earnings per LP unit ⁽¹⁾		<u>\$ (0.61)</u>	<u>\$ (0.26)</u>	<u>\$ 0.07</u>

⁽¹⁾ Basic and diluted (loss) earnings per LP unit has been retroactively adjusted to reflect the impact of the three-for-two Unit Split on December 11, 2020. Refer to Note 1(b) – Basis of preparation for further details.

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

BROOKFIELD RENEWABLE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31 (MILLIONS)	Notes	2020	2019	2018
Net (loss) income.....		\$ (45)	\$ 80	\$ 583
Other comprehensive income that will not be reclassified to net income				
Revaluations of property, plant and equipment.....	13	4,112	2,413	5,722
Actuarial gain (loss) on defined benefit plans.....		(1)	(14)	9
Deferred income taxes on above items.....	12	(934)	(488)	(1,240)
Unrealized (loss) gain on investments in equity securities.....	6	(1)	35	(16)
Equity-accounted investments.....	21	12	81	168
Total items that will not be reclassified to net income.....		3,188	2,027	4,643
Other comprehensive income that will be reclassified to net income				
Foreign currency translation.....	11	(840)	(91)	(844)
Gains (losses) arising during the year on financial instruments designated as cash-flow hedges.....	6	(27)	(18)	(7)
Unrealized gain (loss) on foreign exchange swaps – net investment hedge.....	6	(35)	14	102
Reclassification adjustments for amounts recognized in net income.....	6	(39)	7	18
Deferred income taxes on above items.....	12	10	6	(21)
Equity-accounted investments.....	21	17	—	—
Total items that may be reclassified subsequently to net income.....		(914)	(82)	(752)
Other comprehensive income.....		2,274	1,945	3,891
Comprehensive income.....		<u>\$ 2,229</u>	<u>\$ 2,025</u>	<u>\$ 4,474</u>
Comprehensive income attributable to:				
Non-controlling interests				
Participating non-controlling interests – in operating subsidiaries.....	16	\$ 1,292	\$ 1,117	\$ 2,742
General partnership interest in a holding subsidiary held by Brookfield.....	16	70	57	54
Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield.....	16	280	316	695
Class A shares of Brookfield Renewable Corporation.....		103	—	—
Preferred equity.....	16	37	54	(22)
Preferred limited partners' equity.....	17	54	44	38
Limited partners' equity.....	18	393	437	967
		<u>\$ 2,229</u>	<u>\$ 2,025</u>	<u>\$ 4,474</u>

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

BROOKFIELD RENEWABLE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31 (MILLIONS)	Accumulated other comprehensive income (loss)							Non-controlling interests						
	Limited partners' equity	Foreign currency translation	Revaluation surplus	Actuarial gains (losses) on defined benefit plans	Cash flow hedges	Investments in equity securities	Total limited partners' equity	Preferred limited partners' equity	Preferred equity	Class A shares of BEPC	Participating non-controlling interests – in operating subsidiaries	General partnership interest in a holding subsidiary held by Brookfield	Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield	Total equity
Balance, as at December 31, 2019	\$ (1,114)	\$ (700)	\$ 6,422	\$ (9)	\$ (32)	\$ 12	\$ 4,579	\$ 833	\$ 597	\$ —	\$ 11,086	\$ 68	\$ 3,317	\$ 20,480
Net income (loss)	(184)	—	—	—	—	—	(184)	54	25	(49)	180	62	(133)	(45)
Other comprehensive income (loss)	—	(249)	827	—	(6)	5	577	—	12	152	1,112	8	413	2,274
Preferred Units issued (Note 17)	—	—	—	—	—	—	—	195	—	—	—	—	—	195
Capital contributions (Note 16)	—	—	—	—	—	—	—	—	—	—	520	—	—	520
Return of capital	—	—	—	—	—	—	—	—	—	—	(147)	—	—	(147)
Disposal (Note 4)	17	—	(17)	—	—	—	—	—	—	—	(15)	—	—	(15)
Distributions or dividends declared	(349)	—	—	—	—	—	(349)	(54)	(25)	(116)	(551)	(70)	(250)	(1,415)
Distribution reinvestment plan	6	—	—	—	—	—	6	—	—	—	—	—	—	6
Special distribution/TerraForm Power acquisition	634	280	(1,465)	2	1	(13)	(561)	—	—	2,134	(1,101)	(10)	(462)	—
Other	2	(51)	(172)	1	(2)	(1)	(223)	—	—	287	16	(2)	(164)	(86)
Change in year	126	(20)	(827)	3	(7)	(9)	(734)	195	12	2,408	14	(12)	(596)	1,287
Balance, as at December 31, 2020	\$ (988)	\$ (720)	\$ 5,595	\$ (6)	\$ (39)	\$ 3	\$ 3,845	\$ 1,028	\$ 609	\$ 2,408	\$ 11,100	\$ 56	\$ 2,721	\$ 21,767
Balance, as at December 31, 2018	\$ (927)	\$ (652)	\$ 6,120	\$ (6)	\$ (34)	\$ 4	\$ 4,505	\$ 707	\$ 568	\$ —	\$ 10,289	\$ 67	\$ 3,266	\$ 19,402
Net income (loss)	(88)	—	—	—	—	—	(88)	44	26	—	113	50	(65)	80
Other comprehensive income (loss)	—	(35)	544	(4)	1	19	525	—	28	—	1,004	7	381	1,945
Preferred Units issued	—	—	—	—	—	—	—	126	—	—	—	—	—	126
Capital contributions	—	—	—	—	—	—	—	—	—	—	674	—	—	674
Disposals	—	—	—	—	—	—	—	—	—	—	(172)	—	—	(172)
Distributions or dividends declared	(370)	—	—	—	—	—	(370)	(44)	(26)	—	(844)	(55)	(268)	(1,607)
Distribution reinvestment plan	6	—	—	—	—	—	6	—	—	—	—	—	—	6
Other	265	(13)	(242)	1	1	(11)	1	—	1	—	22	(1)	3	26
Change in year	(187)	(48)	302	(3)	2	8	74	126	29	—	797	1	51	1,078
Balance, as at December 31, 2019	\$ (1,114)	\$ (700)	\$ 6,422	\$ (9)	\$ (32)	\$ 12	\$ 4,579	\$ 833	\$ 597	\$ —	\$ 11,086	\$ 68	\$ 3,317	\$ 20,480

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

BROOKFIELD RENEWABLE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31 (MILLIONS)	Accumulated other comprehensive income (loss)						Non-controlling interests						Total equity
	Limited partners' equity	Foreign currency translation	Revaluation surplus	Actuarial losses on defined benefit plans	Cash flow hedges	Investments in equity securities	Total limited partners' equity	Preferred limited partners' equity	Preferred equity	Participating non-controlling interests – in operating subsidiaries	General partnership interest in a holding subsidiary held by Brookfield	Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield	
Balance, as at December 31, 2017....	\$ (259)	\$ (378)	\$ 4,616	\$ (9)	\$ (29)	\$ 15	\$ 3,956	\$ 511	\$ 616	\$ 7,578	\$ 58	\$ 2,843	\$ 15,562
Net income.....	23	—	—	—	—	—	23	38	26	439	41	16	583
Other comprehensive income (loss).....	—	(205)	1,149	3	5	(8)	944	—	(48)	2,303	13	679	3,891
Preferred units issued.....	—	—	—	—	—	—	—	196	—	—	—	—	196
LP units purchased for cancellation.....	(51)	—	—	—	—	—	(51)	—	—	—	—	—	(51)
Capital contributions.....	—	—	—	—	—	—	—	—	—	537	—	—	537
Acquisition.....	—	—	—	—	—	—	—	—	—	21	—	—	21
Distributions or dividends declared.....	(355)	—	—	—	—	—	(355)	(38)	(26)	(664)	(45)	(255)	(1,383)
Distribution reinvestment plan.....	8	—	—	—	—	—	8	—	—	—	—	—	8
Other.....	(293)	(69)	355	—	(10)	(3)	(20)	—	—	75	—	(17)	38
Change in year.....	(668)	(274)	1,504	3	(5)	(11)	549	196	(48)	2,711	9	423	3,840
Balance, as at December 31, 2018....	\$ (927)	\$ (652)	\$ 6,120	\$ (6)	\$ (34)	\$ 4	\$ 4,505	\$ 707	\$ 568	\$ 10,289	\$ 67	\$ 3,266	\$ 19,402

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

BROOKFIELD RENEWABLE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31 (MILLIONS)	Notes	2020	2019	2018
Operating activities				
Net income		\$ (45)	\$ 80	\$ 583
Adjustments for the following non-cash items:				
Depreciation	13	1,367	1,271	1,151
Unrealized foreign exchange and financial instrument (gain) loss	6	(134)	32	(88)
Share of earnings from equity-accounted investments	21	(27)	(29)	(28)
Deferred income tax recovery	12	(213)	(27)	(375)
Other non-cash items		388	231	135
Dividends received from equity-accounted investments	21	56	16	9
Changes in due to or from related parties		59	33	(7)
Net change in working capital balances	31	(155)	(53)	(94)
		<u>1,296</u>	<u>1,554</u>	<u>1,286</u>
Financing activities				
Proceeds from medium term notes	15	570	449	231
Repayment of medium term notes	15	(304)	(341)	(152)
Corporate credit facilities, net		(296)	(422)	36
Proceeds from non-recourse borrowings		3,205	4,318	3,275
Repayment of non-recourse borrowings		(3,380)	(3,495)	(3,378)
Repayment of lease liabilities	16	(28)	(31)	—
Capital contributions from participating non-controlling interests – in operating subsidiaries	16	514	705	535
Capital repaid to participating non-controlling interests – in operating subsidiaries	16	(147)	(113)	—
Issuance of preferred limited partnership units	17	195	126	196
Issuance costs of special distribution/reorganization		(44)	—	—
Repurchase of LP units	18	—	(1)	(51)
Distributions paid:				
To participating non-controlling interests – in operating subsidiaries	16	(551)	(844)	(670)
To preferred shareholders	16	(25)	(26)	(26)
To preferred limited partners' unitholders	17	(52)	(43)	(37)
To unitholders of Brookfield Renewable or BRELP	16, 18	(769)	(684)	(643)
Borrowings from related party	15	320	936	200
Repayments to related party	15	—	(936)	(200)
		<u>(792)</u>	<u>(402)</u>	<u>(684)</u>
Investing activities				
Acquisitions net of cash and cash equivalents in acquired entity	3	(105)	(983)	(970)
Investment in equity-accounted investments	21	(23)	(144)	—
Investment in property, plant and equipment	13	(447)	(460)	(271)
Proceeds from disposal of assets		269	291	23
Purchase of financial assets		(445)	(138)	(97)
Proceeds from financial assets	6	257	145	125
Restricted cash and other		68	78	113
		<u>(426)</u>	<u>(1,211)</u>	<u>(1,077)</u>
Foreign exchange (loss) gain on cash		13	(6)	(22)
Cash and cash equivalents (decrease) increase		91	(65)	(497)
Net change in cash classified within assets held for sale	5	(12)	(5)	(8)
Balance, beginning of year		352	422	927
Balance, end of year		<u>\$ 431</u>	<u>\$ 352</u>	<u>\$ 422</u>
Supplemental cash flow information:				
Interest paid		\$ 872	\$ 930	\$ 916
Interest received		\$ 28	\$ 19	\$ 22
Income taxes paid		\$ 70	\$ 72	\$ 79

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

BROOKFIELD RENEWABLE PARTNERS L.P.

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The business activities of Brookfield Renewable Partners L.P. (“Brookfield Renewable”) consist of owning a portfolio of renewable power generating facilities primarily in North America, Colombia, Brazil, Europe, India and China.

Unless the context indicates or requires otherwise, the term “Brookfield Renewable” means Brookfield Renewable Partners L.P. and its controlled entities, including Brookfield Renewable Corporation (“BEPC”). Unless the context indicates or requires otherwise, the term “the partnership” means Brookfield Renewable Partners L.P. and its controlled entities, excluding BEPC.

Brookfield Renewable’s consolidated equity interests include the non-voting publicly traded limited partnership units (“LP units”) held by public unitholders and Brookfield, class A exchangeable subordinate voting shares (“BEPC exchangeable shares”) of Brookfield Renewable Corporation (“BEPC”) held by public shareholders and Brookfield, redeemable/exchangeable partnership units (“Redeemable/Exchangeable partnership units”) in Brookfield Renewable Energy L.P. (“BRELP”), a holding subsidiary of Brookfield Renewable, held by Brookfield, and general partnership interest (“GP interest”) in BRELP held by Brookfield. Holders of the LP units, Redeemable/Exchangeable partnership units, GP interest, and BEPC exchangeable shares will be collectively referred to throughout as “Unitholders” unless the context indicates or requires otherwise. LP units, Redeemable/Exchangeable partnership units, GP interest, and BEPC exchangeable shares will be collectively referred to throughout as “Units”, or as “per Unit”, unless the context indicates or requires otherwise.

Brookfield Renewable is a publicly traded limited partnership established under the laws of Bermuda pursuant to an amended and restated limited partnership agreement dated November 20, 2011 as thereafter amended from time to time.

The registered office of Brookfield Renewable is 73 Front Street, Fifth Floor, Hamilton HM12, Bermuda.

The immediate parent of Brookfield Renewable is its general partner, Brookfield Renewable Partners Limited (“BRPL”). The ultimate parent of Brookfield Renewable is Brookfield Asset Management Inc. (“Brookfield Asset Management”). Brookfield Asset Management and its subsidiaries, other than Brookfield Renewable, are also individually and collectively referred to as “Brookfield” in these financial statements.

The BEPC exchangeable shares are traded under the symbol “BEPC” on the New York Stock Exchange and the Toronto Stock Exchange.

The LP units are traded under the symbol “BEP” on the New York Stock Exchange and under the symbol “BEP.UN” on the Toronto Stock Exchange. Brookfield Renewable’s Class A Series 5, Series 7, Series 9, Series 11, Series 13, and Series 15 preferred limited partners’ equity are traded under the symbols “BEP.PR.E”, “BEP.PR.G”, “BEP.PR.I”, “BEP.PR.K”, “BEP.PR.M” and “BEP.PR.O” respectively, on the Toronto Stock Exchange. Brookfield Renewable’s Class A Series 17 preferred limited partners’ equity is traded under the symbol “BEP.PR.A” on the New York Stock Exchange.

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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, 2020, 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 Brookfield Renewable’s general partner, BRPL, on February 26, 2021.

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

References to \$, C\$, €, R\$, COP, ZAR, THB, INR and CNY are to United States (“U.S.”) dollars, Canadian dollars, euros, Brazilian reais, Colombian pesos, South African rand, Thai baht, Indian rupees and Chinese yuan, respectively.

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

(b) Basis of preparation

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.

On December 11, 2020, Brookfield Renewable completed a three-for-two split of Units by way of a subdivision of Units (the “Unit Split”), whereby Unitholders received an additional one-half of a Unit for each Unit held, resulting in the issuance of an approximately 215.2 million additional Units. Brookfield Renewable's preferred units and preferred partners’ equity were not affected by the Unit Split. All Unit count and per Unit disclosures are presented on a post-split basis.

(c) Brookfield Renewable Corporation

On September 9, 2019, BEPC was established by the partnership. On July 29, 2020, Brookfield Renewable contributed its renewable power assets in the United States, Brazil and Colombia (excluding a 10% interest in certain Brazilian and Colombian operations, which will continue to be held indirectly by the partnership) to BEPC. On July 30, 2020, Brookfield Renewable completed a special distribution (the “special distribution”) whereby unitholders of record as of July 27, 2020 (the “Record Date”) received one BEPC exchangeable share for every four Units held. Immediately prior to the special distribution, Brookfield Renewable received BEPC exchangeable shares through a distribution by BRELP (the “BRELP distribution”) of the BEPC exchangeable shares to all of its Unitholders. As a result of the BRELP Distribution, (i) Brookfield and its subsidiaries received approximately 49.6 million BEPC exchangeable shares and (ii) Brookfield Renewable received approximately 67.1 million class A shares, which it subsequently distributed to Unitholders, including Brookfield, pursuant to the special distribution. Upon completion of the special distribution, (i) holders of Units held approximately 42.8% of the issued and outstanding BEPC exchangeable shares (ii) Brookfield and its affiliates held approximately 57.2% of the issued and outstanding BEPC exchangeable shares, and (iii) a subsidiary of Brookfield Renewable owned all of the issued and outstanding class B multiple voting shares, or class B shares, which represent a 75.0% voting interest in BEPC, and all of the issued and outstanding class C non-voting shares, or class C shares, of BEPC, which entitle Brookfield Renewable to the residual value in BEPC after payment in full of the amount due to holders of BEPC exchangeable shares and class B shares. Brookfield Renewable directly and indirectly controlled BEPC prior to the special distribution and continues to control BEPC subsequent to the special distribution through its interests in Brookfield Renewable. The BEPC exchangeable shares are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol “BEPC”.

i) BEPC exchangeable shares

At any time, holders of BEPC exchangeable shares shall have the right to exchange all or a portion of their shares for one LP unit per BEPC exchangeable share held or its cash equivalent based on the NYSE closing price of one LP unit on the date that the request for exchange is received, on a fixed-for-fixed basis. The partnership has the ability to elect to satisfy the exchange of the BEPC exchangeable shares for LP units or its cash equivalent when the exchange is requested by the shareholder. Additionally, BEPC and the partnership have the ability to redeem all BEPC exchangeable shares for LP units at our election, on a fixed-for-fixed basis.

As a result of the share characteristics, BEPC exchangeable shares are classified as non-controlling interests in the consolidated financial statements of Brookfield Renewable for the periods after the special distribution.

ii) Basic and diluted income per LP unit

The special distribution resulted in the issuance of approximately 116.8 million BEPC exchangeable shares. All historical per LP unit disclosures have been retroactively adjusted for the impact of the special distribution. Refer to Note 16 – Non-controlling interests for more information on the BEPC exchangeable shares issued in special distribution.

iii) Acquisition of TerraForm Power

On July 31, 2020, Brookfield Renewable completed the acquisition of TerraForm Power, Inc. (“TerraForm Power”) pursuant to which Brookfield Renewable acquired all of the Class A common stock of TerraForm Power not owned by Brookfield Renewable or its affiliates (“public TerraForm Power shares”), representing a 38% interest in TerraForm Power (the “TerraForm Power acquisition”). Pursuant to the TerraForm Power acquisition, each holder of public TerraForm Power shares received 0.47625 of an exchangeable share of BEPC or of an LP unit for each public TerraForm Power share held by such holder. The TerraForm Power acquisition was completed in exchange for 55,552,862 BEPC exchangeable shares and 6,051,704 LP units.

Simultaneously with the completion of the TerraForm Power acquisition, Brookfield Renewable entered into voting agreements with certain indirect subsidiaries of Brookfield to transfer the power to vote their respective shares held in TerraForm Power to Brookfield Renewable. As a result, Brookfield Renewable controls and consolidates TerraForm Power. The transfer of control of TerraForm Power to Brookfield Renewable is considered to be a transaction between entities under common control and was valued based on Brookfield’s carrying value in TerraForm Power. The portion of TerraForm Power that was not owned by Brookfield Renewable has been presented as non-controlling interests to Brookfield Renewable retrospectively to October 17, 2017, corresponding to all historical periods that TerraForm Power was under common control.

(d) Consolidation

These consolidated financial statements include the accounts of Brookfield Renewable and its subsidiaries, which are the entities over which Brookfield Renewable 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 Brookfield Renewable’s subsidiaries are shown separately in equity in the consolidated statements of financial position.

Brookfield Renewable has entered into a voting agreement with Brookfield, which provides Brookfield Renewable with control of the general partner of BRELP. Accordingly, Brookfield Renewable consolidates the accounts of BRELP and its subsidiaries. In addition, BRELP issued redeemable/exchangeable limited partnership units to Brookfield (“Redeemable/Exchangeable partnership units”), pursuant to which the holder may, at its request, require BRELP to redeem the Redeemable/Exchangeable partnership units for cash consideration. This right is subject to Brookfield Renewable’s right of first refusal which entitles it, at its sole discretion, to elect to acquire all of the Redeemable/Exchangeable partnership units so presented to BRELP that are tendered for redemption in exchange for LP units on a one-for-one basis. As Brookfield Renewable, at its sole discretion, has the right to settle the obligation with LP units, the Redeemable/Exchangeable partnership units are classified as equity of Brookfield Renewable (“Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable Units held by Brookfield”).

Brookfield Renewable has entered into voting agreements with Brookfield, whereby Brookfield Renewable gained control of the entities that own certain renewable power generating operations in the United States, Brazil, Europe and other countries (including India and China). Brookfield Renewable has also entered into a voting agreement with its consortium partners in respect of its Colombian operations. These voting agreements provide Brookfield Renewable the authority to direct the election of the Boards of Directors of the relevant entities, among other things, and therefore provide Brookfield Renewable with control. Accordingly, Brookfield Renewable consolidates the accounts of these entities. Refer to Note 30 – 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. Brookfield Renewable 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 Brookfield Renewable’s policy on accounting for transactions under common control.

Equity-accounted investments

Equity-accounted investments are entities over which Brookfield Renewable 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. Brookfield Renewable 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 Brookfield Renewable’s share of net income, other comprehensive income (“FVOCI”), distributions by the equity-accounted investment and other adjustments to Brookfield Renewable’s proportionate interest in the investee.

(e) 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 Brookfield Renewable. 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 and transactions that are designated as hedges of net investments in these operations are reported in the same manner.

In preparing the consolidated financial statements of Brookfield Renewable, 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 and liabilities 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.

(f) Cash and cash equivalents

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

(g) Restricted cash

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

(h) 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.

Brookfield Renewable 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, Brookfield Renewable initially measures the assets at fair value on the acquisition date, consistent with the policy described in Note 1(o) – Business combinations, with no revaluation 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:

	<u>Estimated service lives</u>
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, 2020 is 32 years (2019: 32 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 in the consolidated statements of income (loss). The revaluation surplus is reclassified within the respective components of equity and not reclassified to net income when the assets are disposed.

(i) Leases

At inception of a contract, Brookfield Renewable 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, Brookfield Renewable 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;
- Brookfield Renewable has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and Brookfield Renewable has the right to direct the use of the asset. Brookfield Renewable 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, Brookfield Renewable has the right to direct the use of the asset if either:
 - Brookfield Renewable 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
 - Brookfield Renewable 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, Brookfield Renewable 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, Brookfield Renewable has elected not to separate non-lease components and, therefore, accounts for the lease and non-lease components as a single lease component.

Brookfield Renewable 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, Brookfield Renewable's incremental borrowing rate. Generally, Brookfield Renewable 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 Brookfield Renewable is reasonably certain to exercise, lease payments in an optional renewable period if Brookfield Renewable is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Brookfield Renewable 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 Brookfield Renewable's estimate of the amount expected to be payable under a residual value guarantee, or if Brookfield Renewable 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.

Brookfield Renewable 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.

Brookfield Renewable has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. Brookfield Renewable recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

On January 1, 2019 Brookfield Renewable adopted IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 – Leases (“IAS 17”) and IFRIC 4 – Determining Whether an Arrangement Contains a Lease (“IFRIC 4”).

(j) Asset impairment

At each statement of financial position date, management assesses whether there is any indication that assets are impaired. For non-financial tangible and intangible assets (including equity-accounted investments), an impairment is recognized if the recoverable amount, determined as the greater of the estimated fair value, less costs to sell, and the discounted future cash flows generated from use and eventual disposal of an asset or cash-generating unit, 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. Should an impairment loss subsequently reverse, the carrying amount of the asset is increased to the lesser of the revised estimate of the 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.

(I) 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 Brookfield Renewable 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 Brookfield Renewable has transferred substantially all the risks and rewards of ownership.

At initial recognition, Brookfield Renewable 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 Brookfield Renewable’s business objective for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which Brookfield Renewable 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.

Brookfield Renewable 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, Brookfield Renewable 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 and contract assets 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. Brookfield Renewable determines the classification of its financial liabilities at initial recognition. Brookfield Renewable’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 Brookfield Renewable 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.

Brookfield Renewable 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, Brookfield Renewable 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, Brookfield Renewable 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.

Brookfield Renewable 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 highly probable payments of debts (cash flow hedges).

At the inception of a hedge relationship, Brookfield Renewable 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 Brookfield Renewable actually hedges and the quantity of the hedging instrument that Brookfield Renewable 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 income 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

Brookfield Renewable'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 Brookfield Renewable's power generating facilities. The obligations are satisfied over time as the customer simultaneously receives and consumes benefits as Brookfield Renewable 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 Brookfield Renewable 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 geographical region and technology are included in Note 7 – Segmented information.

Where available, Brookfield Renewable 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, Brookfield Renewable 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.

Brookfield Renewable 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. Brookfield Renewable 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. Brookfield Renewable views renewable credits to be performance obligations satisfied at a point in time. During the year ended December 31, 2020, revenues recognized at a point in time corresponding to the sale of renewable credits were \$164 million (2019: \$114 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 Brookfield Renewable's generation activities related to commodity prices. From time to time, Brookfield Renewable 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 Brookfield Renewable 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 revenues in the consolidated statements of income (loss). Financial transactions included in revenues for the year ended December 31, 2020 increased revenues by \$55 million (2019: increased revenues by \$9 million and 2018: decreased revenue by \$13 million).

Contract Balances

Contract assets – A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If Brookfield Renewable performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables – A receivable represents Brookfield Renewable’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities – A contract liability is the obligation to transfer goods or services to a customer for which Brookfield Renewable has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Brookfield Renewable transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when Brookfield Renewable performs under the contract.

(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, 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

Non-current 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 Brookfield Renewable 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 Brookfield Renewable 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.

Non-current 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 all 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 Brookfield Renewable. 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 Brookfield Renewable 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

Brookfield Renewable 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. Brookfield Renewable 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

Brookfield Renewable 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 OCI 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 Brookfield Renewable'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 13 – Property, plant and equipment, at fair value. Judgment is involved in determining the appropriate estimates and assumptions in the valuation of Brookfield Renewable'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

Brookfield Renewable 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 Brookfield Renewable'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 Brookfield Renewable. Brookfield Renewable exercises judgment in determining whether non-wholly owned subsidiaries are controlled by Brookfield Renewable. Brookfield Renewable'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) Brookfield Renewable'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. Brookfield Renewable'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, 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 Brookfield Renewable's property, plant and equipment is described in Note 1(h) – 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, Brookfield Renewable 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 Brookfield Renewable 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 storage & 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.

Brookfield Renewable'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, 2028 in Colombia, 2023 in Europe and 2024 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 Europe, and overall increasing demand in Colombia and Brazil. For the North American and European businesses, Brookfield Renewable 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 Brookfield Renewable'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.

(v) Deferred income taxes

The accounting policy relating to Brookfield Renewable'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.

(t) Future changes in accounting policies

Amendments to IFRS 9 and IFRS 7: Disclosures

Interbank offered rates (“IBOR”) reform refers to the global reform of interest reference rates, which includes the replacement of specified IBORs with alternative benchmark rates. It is currently expected that Secured Overnight Financing Rate (“SOFR”) will replace US\$ LIBOR, Sterling Overnight Index Average (“SONIA”) will replace £ LIBOR, and Euro Short-term Rate (“€STR”) will replace € EURIBOR. Brookfield Renewable adopted Interest Rate Benchmark Reform – Amendments to IFRS 9, and IFRS 7, issued by the IASB in September 2019 (“Phase I Amendments”), effective October 1, 2019 in advance of its mandatory effective date. The Phase I Amendments provided clarity where uncertainty could arise in the lead-up to transition. The IBOR Phase I Amendments have been applied retrospectively to hedging relationships existing at the start of the reporting period or designated subsequently, and to the amount accumulated in the cash flow hedge reserve at that date.

The IBOR Phase I Amendments provide temporary relief from applying specific hedge accounting requirements to Brookfield Renewable's hedging relationships that are directly affected by IBOR reform, which primarily include US\$ LIBOR, £ LIBOR, and € EURIBOR. The relief provided has the effect that Brookfield Renewable should not have to discontinue hedging relationships solely due to the uncertainty arising from IBOR reform. In assessing whether a hedge is expected to be highly effective on a forward-looking basis, Brookfield Renewable assumes the interest rate benchmarks associated with Brookfield Renewable's hedges are generally not altered by IBOR reform. These reliefs cease to apply to a hedged item or hedging instrument, as applicable, at the earlier of (i) when the uncertainty arising from IBOR reform is no longer present with respect to the timing and amount of the interest rate benchmark based future cash flows, and (ii) when the hedging relationship is discontinued. The Phase I Amendments had no impact on Brookfield Renewable since these amendments enable Brookfield Renewable to continue hedge accounting for hedging relationships which have been previously designated.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Disclosures

On August 27, 2020, the IASB published Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (“Phase II Amendments”), effective January 1, 2021, with early adoption permitted. The Phase II Amendments provide additional guidance to address issues that will arise during the transition of benchmark interest rates. The Phase II Amendments primarily relate to the modification of financial assets, financial liabilities and lease liabilities where the basis for determining the contractual cash flows changes as a result of IBOR reform, allowing for prospective application of the applicable benchmark interest rate and to the application of hedge accounting, providing an exception such that changes in the formal designation and documentation of hedge accounting relationships that are needed to reflect the changes required by IBOR reform do not result in the discontinuation of hedge accounting or the designation of new hedging relationships.

Brookfield Renewable has completed an assessment and implemented its transition plan to address the impact and effect changes as a result of amendments to the contractual terms of IBOR referenced floating-rate borrowings, interest rate swaps, and updating hedge designations. The adoption is not expected to have a significant impact on Brookfield Renewable’s financial reporting.

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, 2023. Brookfield Renewable is currently assessing the impact of these amendments.

There are currently no other future changes to IFRS with potential impact on Brookfield Renewable.

2. PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of Brookfield Renewable which, in the opinion of management, significantly affect its financial position and results of operations as at December 31, 2020:

	Jurisdiction of Incorporation or Organization	Percentage of voting securities owned or controlled (%)
BP Brazil US Subco LLC.....	Delaware	100
Brookfield BRP Canada Corp.....	Alberta	100
Brookfield BRP Europe Holdings (Bermuda) Limited.....	Bermuda	100
Brookfield Power US Holding America Co.....	Delaware	100
Isagen S.A. E.S.P. ⁽¹⁾	Colombia	99.67
TerraForm Power NY Holdings, Inc. ⁽¹⁾	New York	100

⁽¹⁾ Voting control held through voting agreements with Brookfield.

3. ACQUISITIONS

Spanish CSP Portfolio

On February 11, 2020, Brookfield Renewable, 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 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)	<u>Spanish CSP Portfolio</u>
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	<u>80</u>
Goodwill	41
Purchase price	<u>\$ 121</u>

Completed in 2019

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.

India Wind Portfolio

Brookfield Renewable, along with its institutional partners, completed a transaction in India to acquire a 105 MW operating wind facility on June 7, 2019 and a 105 MW operating wind facility on July 8, 2019 (collectively, the “India Wind Portfolio”).

Brookfield Renewable, along with institutional partners, acquired the India Wind Portfolio for a total consideration of INR 4.6 billion (\$67 million), plus a contingent payment expected to be INR 0.8 billion (\$12 million). Brookfield Renewable holds a 25% economic interest and 100% voting interest. The total acquisition costs of less than \$1 million were expensed as incurred and have been classified under other in the consolidated statement of income (loss).

If the acquisition had taken place at the beginning of the year, the revenue from the India Wind Portfolio would have been \$37 million for the year ended December 31, 2019.

China Wind Facility

On September 30, 2019, Brookfield Renewable, along with its institutional partners, completed the acquisition of a 200 MW operating wind facility in China (“China Wind Facility”) for a total consideration of CNY 1,140 million (\$160 million). Brookfield Renewable holds a 25% economic interest and 100% voting interest. The total acquisition costs of less than \$1 million were expensed as incurred and have been classified under other in the consolidated statement of income (loss).

If the acquisition had taken place at the beginning of the year, the revenue from the China Wind Facility would have been \$44 million for the year ended December 31, 2019.

United States Distributed Generation Portfolio (“DG Portfolio”)

On September 26, 2019, Brookfield Renewable, through its investment in TerraForm Power, acquired a 100% interest in a 320 MW distributed generation portfolio of renewable energy facilities in the United States, for total consideration of \$735 million. The total acquisition costs of \$5 million were expensed as incurred and have been classified under other in the consolidated statement of income (loss).

If the acquisition had taken place at the beginning of the year, the revenue from the DG Portfolio would have been \$67 million for the year ended December 31, 2019.

The purchase price allocations, at fair value, with respect to the acquisitions are as follows:

(MILLIONS)	India Wind Portfolio	China Wind Facility	DG Portfolio	Total
Cash	\$ —	\$ —	\$ 3	\$ 3
Restricted cash	14	2	—	16
Trade receivables and other current assets	14	51	47	112
Property, plant and equipment, at fair value	243	307	753	1,303
Current liabilities	(1)	(23)	(8)	(32)
Current portion of non-recourse borrowings	(12)	(18)	—	(30)
Financial instruments	(4)	—	—	(4)
Non-recourse borrowings	(158)	(131)	—	(289)
Deferred income tax liabilities	(8)	(28)	—	(36)
Decommissioning liabilities	(5)	—	(33)	(38)
Other long-term liabilities	(4)	—	(27)	(31)
Fair value of identifiable net assets acquired	<u>\$ 79</u>	<u>\$ 160</u>	<u>\$ 735</u>	<u>\$ 974</u>

The following investments were accounted for using the equity method as Brookfield Renewable has significant influence through its position in the business, and the results of operations have been included in the audited annual consolidated financial statements since the date of investment.

X-Elio

In December 2019, Brookfield Renewable, along with its institutional partners, completed a 50-50 joint venture in respect of X-Elio. Headquartered in Spain, X-Elio's portfolio includes approximately 972 MW of operating solar, approximately 1,000 MW of assets under construction and a 5,000 MW development pipeline with a focus in Spain, Mexico, U.S. and Japan. Brookfield Renewable retains an approximate 12.5% economic interest in the joint venture. Brookfield Renewable's consideration was €124 million (\$138 million).

4. DISPOSAL OF ASSETS

In March 2020, Brookfield Renewable, along with its institutional partners, completed the sale of a 39 MW portfolio of solar assets in Thailand. The total consideration was THB 3,079 million (\$94 million) and Brookfield Renewable's interest in the portfolio was approximately 31%. This resulted in a loss on disposition of \$12 million (\$4 million net to Brookfield Renewable) recognized in the consolidated statement of income (loss) under other. Immediately prior to the classification of the portfolio as held for sale in 2018, Brookfield Renewable performed a revaluation of the property, plant & equipment, in line with its election to apply the revaluation method and recorded a fair value uplift of \$42 million.

In September 2020, Brookfield Renewable, along with its institutional partners, sold its interest in a 33 MW solar facility in South Africa to a third party for gross cash consideration of ZAR 300 million (\$18 million), resulting in a loss on disposition of \$4 million recognized in the consolidated statement of income (loss) under other. The total proceeds, net of foreign exchange contract settlements, was \$25 million (\$8 million net to Brookfield Renewable). Immediately prior to the classification of the portfolio as held for sale in 2018, Brookfield Renewable performed a revaluation of the property, plant & equipment, in line with its election to apply the revaluation method and recorded a fair value uplift of \$22 million as a result. Brookfield Renewable's interest was approximately 31%.

In November 2020, Brookfield Renewable, along with institutional partners, sold its interest in a 47 MW wind portfolio in Ireland for proceeds, net of transaction costs of €119 million (\$142 million), resulting in a loss on disposition of \$2 million recognized in the consolidated statement of income (loss) under other. Immediately prior to the classification of the portfolio as held for sale in the third quarter of 2020, Brookfield Renewable performed a revaluation of the property, plant & equipment, in line with its election to apply the revaluation method and recorded a fair value uplift of \$1 million as a result. Brookfield Renewable's interest was approximately 39.6%.

Summarized financial information relating to the disposals are shown below:

(MILLIONS)	Total
Proceeds, net of transaction costs	\$ 254
Carrying value of net assets held for sale	
Assets	397
Liabilities	(110)
Non-controlling interests	(15)
	272
Loss on disposal, net of transaction costs	\$ (18)

5. ASSETS HELD FOR SALE

As at December 31, 2020, assets held for sale within Brookfield Renewable's operating segments include solar assets in Asia.

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

(MILLIONS)	2020	2019
Assets		
Cash and cash equivalents	\$ 4	\$ 14
Restricted cash	1	22
Trade receivables and other current assets	1	13
Property, plant and equipment, at fair value	51	303
Goodwill	—	—
Other long-term assets	—	—
Assets held for sale	\$ 57	\$ 352
Liabilities		
Current liabilities	\$ —	\$ 18
Non-recourse borrowings	4	73
Other long-term liabilities	10	46
Liabilities directly associated with assets held for sale	\$ 14	\$ 137

Brookfield Renewable 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, and the consolidated statements of cash flows, respectively. Non-current assets classified as held for sale are not depreciated.

In 2020, Brookfield Renewable completed the sale of its non-core assets from the TerraForm Global portfolio in South Africa and Thailand, corresponding to 72 MW of solar assets, and the sale of a 47 MW portfolio of wind assets in Ireland. See Note 4 – Disposal of assets.

6. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Brookfield Renewable'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. Brookfield Renewable uses financial instruments primarily to manage these risks.

The sensitivity analysis discussed below reflect the risks associated with instruments that Brookfield Renewable 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 Brookfield Renewable'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 Brookfield Renewable will fluctuate because of changes in market prices.

Brookfield Renewable 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 Brookfield Renewable 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

Brookfield Renewable 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 Brookfield Renewable'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 Brookfield Renewable 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, for the year ended December 31:

(MILLIONS)	Effect on net income ⁽¹⁾			Effect on OCI ⁽¹⁾		
	2020	2019	2018	2020	2019	2018
5% increase.....	\$ (13)	\$ (21)	\$ (16)	\$ (16)	\$ (12)	\$ (15)
5% decrease.....	14	8	6	16	12	15

⁽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 Brookfield Renewable will fluctuate because of changes in foreign currency rates.

Brookfield Renewable has exposure to the Canadian dollar, euro, Brazilian real, Colombian peso, British pound sterling, Indian rupee, Malaysian ringgit and Chinese yuan 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. Brookfield Renewable holds foreign currency contracts primarily to mitigate this exposure.

The table below summarizes the impact to Brookfield Renewable'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:

(MILLIONS)	Effect on net income ⁽¹⁾			Effect on OCI ⁽¹⁾		
	2020	2019	2018	2020	2019	2018
5% increase.....	\$ 10	\$ 49	\$ 66	\$ 73	\$ 41	\$ 64
5% decrease.....	(7)	(40)	(66)	(72)	(41)	(65)

⁽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 Brookfield Renewable will fluctuate, because of changes in interest rates.

Brookfield Renewable's assets largely consist of long duration physical assets. Brookfield Renewable'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. Other than tax equity, all other non-derivative financial liabilities are recorded at their amortized cost. Brookfield Renewable also holds interest rate contracts to lock-in fixed rates on certain anticipated future debt issuances.

Brookfield Renewable 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 Brookfield Renewable's cash flows, primarily with respect to the interest payable against Brookfield Renewable's variable rate debt, which is limited to certain non-recourse borrowings with a total principal value of \$5,960 million (2019: \$6,127 million). Of this principal value, \$3,465 million (2019: \$3,122 million) has been fixed through the use of interest rate contracts. The fair values of the recognized 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:

(MILLIONS)	Effect on net income ⁽¹⁾			Effect on OCI ⁽¹⁾		
	2020	2019	2018	2020	2019	2018
1% increase.....	\$ 37	\$ 37	\$ 27	\$ 122	\$ 69	\$ 65
1% decrease.....	(38)	(38)	(22)	(129)	(69)	(68)

⁽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. Brookfield Renewable'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.

Brookfield Renewable 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, Brookfield Renewable'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 24 – Trade receivables and other current assets, for additional details regarding Brookfield Renewable's trade receivables balance.

The maximum credit exposure at December 31 was as follows:

(MILLIONS)	2020	2019
Trade receivables and other short-term receivables	\$ 792	\$ 785
Financial instrument assets ⁽¹⁾	139	153
Due from related parties	56	60
Contract asset ⁽¹⁾	455	473
	\$ 1,442	\$ 1,471

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

(c) Liquidity risk

Liquidity risk is the risk that Brookfield Renewable cannot meet a demand for cash or fund an obligation when due. Liquidity risk is mitigated by Brookfield Renewable’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 15 – Borrowings. Brookfield Renewable also ensures that it has access to public capital markets and maintains a strong investment grade credit rating.

Brookfield Renewable 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 Brookfield Renewable'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, 2020 (MILLIONS)	< 1 year	2-5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 625	\$ —	\$ —	\$ 625
Financial instrument liabilities ⁽¹⁾⁽²⁾	283	513	155	951
Due to related parties	506	11	—	517
Other long-term liabilities – concession payments	1	5	12	18
Lease liabilities ⁽¹⁾	33	112	294	439
Corporate borrowings ⁽¹⁾	3	314	1,826	2,143
Non-recourse borrowings ⁽¹⁾	1,141	5,214	9,651	16,006
Interest payable on borrowings ⁽³⁾	824	2,682	2,827	6,333
Total	\$ 3,416	\$ 8,851	\$ 14,765	\$ 27,032

AS AT DECEMBER 31, 2019 (MILLIONS)	< 1 year	2-5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 768	\$ —	\$ —	\$ 768
Financial instrument liabilities ⁽¹⁾⁽²⁾	246	331	149	726
Due to related parties	139	7	—	146
Other long-term liabilities – concession payments	1	6	15	22
Lease liabilities ⁽¹⁾	34	115	337	486
Corporate borrowings ⁽¹⁾	—	607	1,500	2,107
Non-recourse borrowings ⁽¹⁾	1,133	4,878	9,216	15,227
Interest payable on borrowings ⁽³⁾	751	2,887	2,940	6,578
Total	\$ 3,072	\$ 8,831	\$ 14,157	\$ 26,060

⁽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 calculated 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 Brookfield Renewable's assets and liabilities measured and disclosed at fair value classified by the fair value hierarchy as at December 31:

(MILLIONS)	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2020</u>	<u>2019</u>
Assets measured at fair value:					
Cash and cash equivalents.....	\$ 431	\$ —	\$ —	\$ 431	\$ 352
Restricted cash ⁽¹⁾	283	—	—	283	293
Financial instrument assets ⁽²⁾					
Energy derivative contracts.....	—	62	73	135	141
Foreign exchange swaps.....	—	4	—	4	12
Investments in equity securities ⁽³⁾	—	81	94	175	160
Property, plant and equipment.....	—	—	44,590	44,590	41,055
Liabilities measured at fair value:					
Financial instrument liabilities ⁽²⁾					
Energy derivative contracts.....	—	(33)	—	(33)	(8)
Interest rate swaps.....	—	(422)	—	(422)	(265)
Foreign exchange swaps.....	—	(94)	—	(94)	(41)
Tax equity.....	—	—	(402)	(402)	(412)
Contingent consideration ⁽⁴⁾	—	—	(1)	(1)	(11)
Liabilities for which fair value is disclosed:					
Corporate borrowings.....	(2,445)	(3)	—	(2,448)	(2,204)
Non-recourse borrowings.....	(2,478)	(15,513)	—	(17,991)	(16,060)
Total	\$ (4,209)	\$ (15,918)	\$ 44,354	\$ 24,227	\$ 23,012

⁽¹⁾ Includes both the current amount and long-term amount included in Other long-term assets.

⁽²⁾ Includes both current and long-term amounts.

⁽³⁾ Excludes \$155 million of investments in debt securities that are measured at amortized cost.

⁽⁴⁾ Amount relates to business combinations with obligations lapsing in 2022.

There were no transfers between levels during the year ended December 31, 2020.

Financial instruments disclosures

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

(MILLIONS)	2020			2019
	Assets	Liabilities	Net Assets (Liabilities)	Net Assets (Liabilities)
Energy derivative contracts.....	\$ 135	\$ 33	\$ 102	\$ 133
Interest rate swaps.....	—	422	(422)	(265)
Foreign exchange swaps.....	4	94	(90)	(29)
Investments in debt and equity securities.....	330	—	330	160
Tax equity.....	—	402	(402)	(412)
Total.....	469	951	(482)	(413)
Less: current portion.....	62	283	(221)	(158)
Long-term portion.....	\$ 407	\$ 668	\$ (261)	\$ (255)

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)	Note	<u>2020</u>	<u>2019</u>
Balance, beginning of year		\$ (413)	\$ (426)
Increases (decreases) in the net financial instrument liability position:			
Unrealized (loss) gain through income on tax equity	(a)	(12)	26
Unrealized (loss) gain through OCI on investments in equity securities	(b)	(1)	35
Unrealized (loss) through income on energy derivative contracts	(c)	(28)	1
Unrealized (loss) through OCI on energy derivative contracts	(c)	(4)	25
Unrealized gain (loss) through income on interest rate swaps	(d)	(28)	(51)
Unrealized gain (loss) through OCI on interest rate swaps	(d)	(57)	(36)
Unrealized gain (loss) through income on foreign exchange swaps	(e)	126	4
Unrealized gain (loss) through OCI on foreign exchange swaps	(e)	(40)	14
Acquisitions, settlements and other		<u>(25)</u>	<u>(5)</u>
Balance, end of year		\$ (482)	\$ (413)
Financial instrument liabilities designated at fair value through profit and loss			
Tax equity	(a)	\$ (402)	\$ (412)
Financial instrument assets designated at fair value through OCI			
Investments in equity securities	(b)	\$ 175	\$ 160
Financial instrument assets designated at amortized cost			
Investments in debt securities	(b)	\$ 155	\$ —
Derivative assets not designated as hedging instruments:			
Energy derivative contracts	(c)	\$ 78	\$ 84
Foreign exchange swaps	(e)	4	12
		<u>\$ 82</u>	<u>\$ 96</u>
Derivative assets designated as hedging instruments:			
Energy derivative contracts	(c)	\$ 57	\$ 57
		<u>\$ 57</u>	<u>\$ 57</u>
Derivative liabilities not designated as hedging instruments:			
Energy derivative contracts	(c)	\$ (32)	\$ (8)
Interest rate swaps	(d)	(183)	(200)
Foreign exchange swaps	(e)	(23)	(18)
		<u>\$ (238)</u>	<u>\$ (226)</u>
Derivative liabilities designated as hedging instruments:			
Energy derivative contracts	(c)	\$ (1)	\$ —
Interest rate swaps	(d)	(239)	(65)
Foreign exchange swaps	(e)	(71)	(23)
		<u>\$ (311)</u>	<u>\$ (88)</u>
Total financial instruments, net		<u>\$ (482)</u>	<u>\$ (413)</u>

(a) Tax equity

Brookfield Renewable 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.

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

(b) Investments in debt and equity securities

Brookfield Renewable's investments in debt and equity securities are classified as FVOCI and amortized cost. Refer to Note 1(l) – Basis of preparation and significant accounting policies – Financial instruments.

(c) Energy derivative contracts

Brookfield Renewable 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 Brookfield Renewable'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). Brookfield Renewable has established a hedge ratio of 1:1 for the hedging relationships. To measure the hedge effectiveness, Brookfield Renewable 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.

For the year ended December 31, 2020, gains of \$55 million relating to energy derivative contracts were realized and reclassified from OCI to revenues in the consolidated statements of income (loss) (2019: \$9 million gains and 2018: \$13 million losses).

Based on market prices as of December 31, 2020, unrealized gains of \$19 million (2019: \$22 million gains and 2018: \$15 million losses) 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	December 31, 2020	December 31, 2019
Carrying amount (asset/(liability)).....	56	57
Notional amount – millions of U.S. dollars.....	376	328
Notional amount – GWh.....	11,478	10,010
Weighted average hedged rate for the year (\$/MWh).....	33	33
Maturity dates.....	2021 - 2027	2020 - 2027
Hedge ratio.....	1:1	1:1
Change in discounted spot value of outstanding hedging instruments.....	17	21
Change in value of hedged item used to determine hedge effectiveness.....	(19)	(22)

There is \$2 million of hedge ineffectiveness losses recognized within 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, 2020 (2019: nil and 2018: \$2 million gain).

(d) Interest rate hedges

Brookfield Renewable 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 debt (i.e., notional amount, maturity, payment and reset dates). Brookfield Renewable established a hedge ratio of 1:1 for the hedging relationships. To measure the hedge effectiveness, Brookfield Renewable 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, 2020, agreements with a total notional exposure of \$3,748 million were outstanding (2019: \$3,043 million) including \$962 million (2019: \$1,567 million) associated with agreements that are not formally designated as hedging instruments. The weighted-average fixed interest rate resulting from these agreements is 3.0% (2019: 3.0%).

For the year ended December 31, 2020, net movements relating to cash flow hedges realized and reclassified from OCI to interest expense in the consolidated statements of income (loss) were \$12 million losses (2019: \$22 million losses and 2018: \$14 million losses).

Based on market prices as of December 31, 2020, unrealized losses of \$34 million (2019: \$15 million and 2018: \$9 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, 2020	December 31, 2019
Carrying amount (asset/(liability)).....	(239)	(65)
Notional amount – \$.....	546	566
Notional amount – C\$ ⁽¹⁾	342	334
Notional amount – € ⁽¹⁾	1,279	349
Notional amount – COP ⁽¹⁾	619	227
Maturity dates.....	2021 - 2039	2021 - 2039
Hedge ratio.....	1:1	1:1
Change in discounted spot value of outstanding hedging instruments.....	(56)	(28)
Change in value of hedged item used to determine hedge effectiveness.....	59	33

⁽¹⁾ Notional amounts of foreign currency denominated interest rate hedges are presented at the U.S. dollar equivalent value based on the December 31, 2020 foreign currency spot rate.

The hedge ineffectiveness loss recognized within foreign exchange and financial instruments gain (loss) in the consolidated statements of income (loss) related to interest rate contracts (cash flow hedges) for the year ended December 31, 2020 was \$2 million (2019: \$1 million).

(e) Foreign exchange swaps

Brookfield Renewable 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. Brookfield Renewable 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 Brookfield Renewable 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 these derivative transactions. Substantially all of Brookfield Renewable's foreign exchange swaps are entered into pursuant to a Master Hedge Agreement.

At December 31, 2020, agreements with a total notional exposure of \$1,355 million were outstanding (2019: \$2,306 million) including \$104 million (2019: \$1,388 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 (2019: nil and 2018: \$1 million gain). 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, 2020	December 31, 2019
Carrying amount (asset/(liability)).....	(71)	(23)
Notional amount for hedges of the Canadian dollar ⁽¹⁾	—	72
Notional amount for hedges of the euro ⁽¹⁾	412	380
Notional amount for hedges of the British pounds sterling ⁽¹⁾	212	170
Notional amount for hedges of the Chinese yuan ⁽¹⁾	294	195
Notional amount for hedges of the Indian rupee ⁽¹⁾	230	47
Notional amount for hedges of the Brazilian real ⁽¹⁾	73	—
Notional amount for hedges of other currencies ⁽¹⁾	30	54
Maturity date.....	2021 - 2022	2020 - 2022
Hedge ratio.....	1:1	1:1
Weighted average hedged rate for the year:		
C\$/ \$ foreign exchange forward contracts.....	—	1.30
€/\$ foreign exchange forward contracts.....	0.87	0.87
£/\$ foreign exchange forward contracts.....	0.81	0.82
CNY/\$ foreign exchange forward contracts.....	7.14	7.22
INR/\$ foreign exchange forward contracts.....	76.39	74.48
BRL/\$ foreign exchange forward contracts.....	5.38	—

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

The following table presents a reconciliation of the limited partners' equity reserves impacted by financial instruments:

(MILLIONS)	Cash flow hedges	Investments in equity securities	Foreign currency translation
Balance, as at December 31, 2018.....	\$ (34)	\$ 4	\$ (652)
Effective portion of changes in fair value arising from:			
Interest rate swaps.....	(1)	—	—
Amount reclassified to profit or loss.....	2	—	—
Foreign currency revaluation of designated borrowings.....	—	—	(49)
Foreign currency revaluation of net foreign operations.....	—	—	14
Valuation of investments in equity securities designated FVOCI.....	—	19	—
Tax effect.....	—	—	—
Other.....	1	(11)	(13)
Balance, as at December 31, 2019.....	\$ (32)	\$ 12	\$ (700)
Effective portion of changes in fair value arising from:			
Energy derivative contracts.....	1	—	—
Interest rate swaps.....	(3)	—	—
Foreign exchange swaps.....	—	—	(6)
Amount reclassified to profit or loss.....	(7)	—	—
Foreign currency revaluation of designated borrowings.....	—	—	(34)
Foreign currency revaluation of net foreign operations.....	—	—	(208)
Valuation of investments in equity securities designated FVOCI.....	—	4	—
Tax effect.....	3	1	(1)
Special distribution/TERP acquisition.....	1	(13)	280
Other.....	(2)	(1)	(51)
Balance, as at December 31, 2020.....	\$ (39)	\$ 3	\$ (720)

7. SEGMENTED INFORMATION

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

The reporting to the CODM was revised during the year to incorporate the energy transition business of Brookfield Renewable. The energy transition 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 energy transition business.

Our operations are segmented by – 1) hydroelectric, 2) wind, 3) solar, 4) energy transition (distributed generation, pumped storage, cogeneration and biomass), and 5) corporate – with hydroelectric and wind further segmented by geography (i.e., North America, Colombia, Brazil, Europe and Asia). This best reflects the way in which the CODM reviews results of our company.

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 Brookfield Renewable's share from facilities which it accounts for using consolidation and the equity method whereby Brookfield Renewable either controls or exercises significant influence or joint control over the investment, respectively. Proportionate information provides a Unitholder (holders of the GP interest, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and LP units) 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 Brookfield Renewable's Unitholders.

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. 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 Brookfield Renewable'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 us apportioned to each of the above-noted items.

Brookfield Renewable 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 Brookfield Renewable's legal claim to such items, and the removal of financial statement amounts that are attributable to non-controlling interests does not extinguish Brookfield Renewable's legal claims or exposures to such items.

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

The accounting policies of the reportable segments are the same as those described in Note 1 – Basis of preparation and significant accounting policies. Brookfield Renewable analyzes the performance of its operating segments based on revenues, Adjusted EBITDA, and Funds From Operations. Adjusted EBITDA and Funds From Operations 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.

Brookfield Renewable uses Adjusted EBITDA to assess the performance of its operations before the effects of interest expense, income taxes, depreciation, management service costs, non-controlling interests, unrealized gain or loss on financial instruments, non-cash gain or loss from equity-accounted investments, distributions to preferred shareholders and preferred limited partners and other typical non-recurring items. Brookfield Renewable includes realized disposition gains and losses on assets that we 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.

Brookfield Renewable uses Funds From Operations to assess the performance of its operations and is defined as Adjusted EBITDA less management service costs, interest and current income taxes, which is then adjusted for the cash portion of non-controlling interests and distributions to preferred shareholders and preferred limited partners.

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 Brookfield Renewable's proportionate results to the consolidated statements of income (loss) on a line-by-line basis by aggregating the components comprising the earnings from Brookfield Renewable's investments in associates and reflecting the portion of each line item attributable to non-controlling interests for the year ended December 31, 2020:

(MILLIONS)	Attributable to Unitholders											Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials ⁽¹⁾
	Hydroelectric			Wind				Solar	Energy transition	Corporate	Total			
	North America	Brazil	Colombia	North America	Europe	Brazil	Asia							
Revenues	\$ 824	\$ 175	\$ 211	\$ 263	\$ 105	\$ 27	\$ 28	\$ 245	\$ 169	\$ —	\$2,047	\$ (72)	\$ 1,835	\$ 3,810
Other income	39	54	12	11	26	3	3	50	22	64	284	(29)	(127)	128
Direct operating costs	(301)	(52)	(92)	(78)	(35)	(6)	(6)	(63)	(61)	(23)	(717)	34	(591)	(1,274)
Share of Adjusted EBITDA from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	67	31	98
Adjusted EBITDA	562	177	131	196	96	24	25	232	130	41	1,614	—	1,148	
Management service costs	—	—	—	—	—	—	—	—	—	(217)	(217)	—	(18)	(235)
Interest expense	(143)	(18)	(30)	(73)	(15)	(6)	(6)	(90)	(25)	(79)	(485)	20	(511)	(976)
Current income taxes	1	(7)	(11)	—	(2)	(1)	(1)	(3)	(2)	—	(26)	4	(44)	(66)
Distributions attributable to														
Preferred limited partners equity	—	—	—	—	—	—	—	—	—	(54)	(54)	—	—	(54)
Preferred equity	—	—	—	—	—	—	—	—	—	(25)	(25)	—	—	(25)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(24)	(13)	(37)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(562)	(562)
Funds From Operations	420	152	90	123	79	17	18	139	103	(334)	807	—	—	
Depreciation	(246)	(66)	(21)	(180)	(70)	(14)	(9)	(84)	(62)	(4)	(756)	21	(632)	(1,367)
Foreign exchange and financial instrument loss	(47)	3	(2)	47	(17)	—	(1)	(3)	(9)	(6)	(35)	8	154	127
Deferred income tax recovery	36	5	(3)	28	7	—	2	20	5	75	175	(6)	44	213
Other	(95)	1	4	(22)	(26)	—	(6)	(23)	(36)	(292)	(495)	11	52	(432)
Share of earnings from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(34)	—	(34)
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	382	382
Net income (loss) attributable to Unitholders ⁽²⁾	<u>\$ 68</u>	<u>\$ 95</u>	<u>\$ 68</u>	<u>\$ (4)</u>	<u>\$ (27)</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 49</u>	<u>\$ 1</u>	<u>\$ (561)</u>	<u>\$ (304)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (304)</u>

(1) Share of earnings from equity-accounted investments of \$27 million is comprised of amounts found on the share of Adjusted EBITDA, share of interest and cash taxes and share of earnings lines. Net income attributable to participating non-controlling interests – in operating subsidiaries of \$180 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.

(2) Net income (loss) attributable to Unitholders includes net income (loss) attributable to GP interest, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and LP units. Total net income (loss) includes amounts attributable to Unitholders, non-controlling interests, preferred limited partners equity and preferred equity.

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 Brookfield Renewable's proportionate results to the consolidated statements of income (loss) on a line-by-line basis by aggregating the components comprising the earnings from Brookfield Renewable's investments in associates and reflecting the portion of each line item attributable to non-controlling interests for the year ended December 31, 2019:

(MILLIONS)	Attributable to Unitholders											Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials ⁽¹⁾
	Hydroelectric			Wind				Solar	Energy transition	Corporate	Total			
	North America	Brazil	Colombia	North America	Europe	Brazil	Asia							
Revenues	\$ 905	\$ 234	\$ 237	\$ 223	\$ 95	\$ 37	\$ 20	\$ 138	\$ 132	\$ —	\$ 2,021	\$ (79)	\$ 2,029	3,971
Other income	3	19	—	2	4	—	—	16	11	33	88	(8)	25	105
Direct operating costs	(286)	(72)	(93)	(62)	(32)	(9)	(4)	(28)	(56)	(23)	(665)	34	(632)	(1,263)
Share of Adjusted EBITDA from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	53	27	80
Adjusted EBITDA	622	181	144	163	67	28	16	126	87	10	1,444	—	1,449	
Management service costs	—	—	—	—	—	—	—	—	—	(116)	(116)	—	(19)	(135)
Interest expense	(156)	(20)	(34)	(66)	(17)	(8)	(5)	(52)	(16)	(92)	(466)	13	(548)	(1,001)
Current income taxes	(7)	(11)	(9)	1	(2)	(1)	(1)	—	(1)	—	(31)	2	(41)	(70)
Distributions attributable to														
Preferred limited partners equity	—	—	—	—	—	—	—	—	—	(44)	(44)	—	—	(44)
Preferred equity	—	—	—	—	—	—	—	—	—	(26)	(26)	—	—	(26)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(15)	(12)	(27)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(829)	(829)
Funds From Operations	459	150	101	98	48	19	10	74	70	(268)	761	—	—	
Depreciation	(227)	(84)	(21)	(150)	(47)	(17)	(5)	(65)	(23)	(4)	(643)	13	(641)	(1,271)
Foreign exchange and financial instrument loss	11	(5)	(2)	(2)	(10)	(3)	1	1	(3)	(18)	(30)	(2)	(4)	(36)
Deferred income tax expense	(27)	4	(4)	—	10	—	—	1	—	46	30	—	(3)	27
Other	(74)	(6)	(2)	(33)	(12)	2	—	(48)	(2)	(46)	(221)	9	(64)	(276)
Share of earnings from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(20)	(4)	(24)
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	716	716
Net income (loss) attributable to Unitholders ⁽²⁾	\$ 142	\$ 59	\$ 72	\$ (87)	\$ (11)	\$ 1	\$ 6	\$ (37)	\$ 42	\$ (290)	\$ (103)	\$ —	\$ —	\$ (103)

⁽¹⁾ Share of earnings from equity-accounted investments of \$29 million is comprised of amounts found on the share of Adjusted EBITDA, share of interest and cash taxes and share of earnings lines. Net income attributable to participating non-controlling interests – in operating subsidiaries of \$113 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.

⁽²⁾ Net income (loss) attributable to Unitholders includes net income (loss) attributable to GP interest, Redeemable/Exchangeable partnership units and LP units. Total net income (loss) includes amounts attributable to Unitholders, non-controlling interests, preferred limited partners equity and preferred equity.

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 Brookfield Renewable's proportionate results to the consolidated statements of income (loss) on a line-by-line basis by aggregating the components comprising the earnings from Brookfield Renewable's investments in associates and reflecting the portion of each line item attributable to non-controlling interests for the year ended December 31, 2018:

(MILLIONS)	Attributable to Unitholders											Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials ⁽¹⁾
	Hydroelectric			Wind				Solar	Energy transition	Corporate	Total			
	North America	Brazil	Colombia	North America	Europe	Brazil	Asia							
Revenues	\$ 893	\$ 244	\$ 216	\$ 219	\$ 73	\$ 42	\$ 12	\$ 116	\$ 115	\$ —	\$ 1,930	\$ (76)	\$ 1,943	3,797
Other income	12	5	4	2	11	—	—	4	1	7	46	—	29	75
Direct operating costs	(286)	(76)	(94)	(64)	(27)	(9)	(4)	(28)	(42)	(23)	(653)	27	(647)	(1,273)
Share of Adjusted EBITDA from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	49	22	71
Adjusted EBITDA	619	173	126	157	57	33	8	92	74	(16)	1,323	—	1,347	
Management service costs	—	—	—	—	—	—	—	—	—	(84)	(84)	—	(10)	(94)
Interest expense	(172)	(22)	(38)	(63)	(17)	(9)	(4)	(40)	(22)	(99)	(486)	14	(501)	(973)
Current income taxes	(4)	(9)	(2)	2	(2)	—	1	1	—	—	(13)	1	(20)	(32)
Distributions attributable to														
Preferred limited partners equity	—	—	—	—	—	—	—	—	—	(38)	(38)	—	—	(38)
Preferred equity	—	—	—	—	—	—	—	—	—	(26)	(26)	—	—	(26)
Share of interest and cash taxes from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(15)	(10)	(25)
Share of Funds From Operations attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(806)	(806)
Funds From Operations	443	142	86	96	38	24	5	53	52	(263)	676	—	—	
Depreciation	(231)	(136)	(18)	(124)	(43)	(13)	(2)	(32)	(30)	(2)	(631)	13	(533)	(1,151)
Foreign exchange and financial instrument loss	(1)	(1)	7	30	9	(10)	3	(16)	(1)	—	20	(1)	18	37
Deferred income tax expense	(1)	1	18	43	2	—	—	24	12	24	123	—	252	375
Other	(21)	(3)	(6)	(30)	2	—	(2)	(13)	(12)	(23)	(108)	1	(99)	(206)
Share of earnings from equity-accounted investments	—	—	—	—	—	—	—	—	—	—	—	(13)	(5)	(18)
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	367	367
Net income (loss) attributable to Unitholders ⁽²⁾	\$ 189	\$ 3	\$ 87	\$ 15	\$ 8	\$ 1	\$ 4	\$ 16	\$ 21	\$ (264)	\$ 80	\$ —	\$ —	\$ 80

⁽¹⁾ Share of earnings from equity-accounted investments of \$28 million is comprised of amounts found on the share of Adjusted EBITDA, share of interest and cash taxes and share of earnings lines. Net income attributable to participating non-controlling interests – in operating subsidiaries of \$439 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.

⁽²⁾ Net income (loss) attributable to Unitholders includes net income (loss) attributable to GP interest, Redeemable/Exchangeable partnership units and LP units. Total net income (loss) includes amounts attributable to Unitholders, non-controlling interests, preferred limited partners equity and preferred equity.

The following table presents information on a segmented basis about certain items in our 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 Brookfield Renewable's investments in associates and reflecting the portion of each line item attributable to non-controlling interests:

(MILLIONS)	Attributable to Unitholders											Contribution from equity-accounted investments	Attributable to non-controlling interests	As per IFRS financials	
	Hydroelectric			Wind				Solar	Energy transition	Corporate	Total				
	North America	Brazil	Colombia	North America	Europe	Brazil	Asia								
As at December 31, 2020															
Cash and cash equivalents	\$ 38	\$ 6	\$ 6	\$ 36	\$ 60	\$ 1	\$ 3	\$ 86	\$ 48	\$ 7	\$ 291	\$ (20)	\$ 160	\$ 431	
Property, plant and equipment, at fair value	12,983	1,544	1,965	3,606	1,095	274	175	3,548	1,880	—	27,070	(940)	18,460	44,590	
Total assets	13,628	1,751	2,201	3,801	1,267	292	272	3,985	2,101	100	29,398	(387)	20,711	49,722	
Total borrowings	3,439	245	439	1,680	669	66	125	2,534	864	2,143	12,204	(332)	6,210	18,082	
Other liabilities	3,232	153	556	773	220	8	22	568	211	784	6,527	(55)	3,401	9,873	
For the year ended December 31, 2020															
Additions to property, plant and equipment ⁽¹⁾	307	65	5	70	29	1	—	146	48	4	675	(17)	310	968	
As at December 31, 2019															
Cash and cash equivalents	\$ 9	\$ 7	\$ 10	\$ 18	\$ 21	\$ 2	\$ 5	\$ 52	\$ 18	\$ 1	\$ 143	\$ (19)	\$ 228	\$ 352	
Property, plant and equipment, at fair value	11,488	1,938	1,773	2,458	628	368	187	1,674	1,076	—	21,590	(1,142)	20,607	41,055	
Total assets	12,153	2,126	2,027	2,705	692	391	233	1,906	1,205	103	23,541	(520)	23,175	46,196	
Total borrowings	3,070	208	449	1,221	326	71	124	1,266	439	2,107	9,281	(431)	8,450	17,300	
Other liabilities	2,877	148	499	597	100	10	28	240	126	248	4,873	(483)	4,026	8,416	
For the year ended December 31, 2019															
Additions to property, plant and equipment	77	32	7	112	9	3	—	—	21	3	264	(19)	252	497	

⁽¹⁾ Brookfield Renewable 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 Brookfield Renewable) to its corresponding right-of-use asset.

Geographical Information

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

(MILLIONS)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Hydroelectric			
North America	\$ 1,030	\$ 1,123	\$ 1,152
Brazil	201	259	285
Colombia	874	979	896
	<u>2,105</u>	<u>2,361</u>	<u>2,333</u>
Wind			
North America	494	474	478
Europe	237	273	206
Brazil	79	110	142
Asia	105	71	38
	<u>915</u>	<u>928</u>	<u>864</u>
Solar	761	646	572
Energy transition	29	36	28
Total	<u>\$ 3,810</u>	<u>\$ 3,971</u>	<u>\$ 3,797</u>

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

(MILLIONS)	<u>December 31, 2020</u>	<u>December 31, 2019</u>
United States	\$ 22,955	\$ 21,166
Colombia	8,150	7,353
Canada	4,880	4,680
Brazil	3,308	3,621
Europe	5,417	4,312
Asia	851	860
	<u>\$ 45,561</u>	<u>\$ 41,992</u>

8. OTHER INCOME

Brookfield Renewable's other income for the year ended December 31 is comprised of the following:

(MILLIONS)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Interest and other investment income	\$ 47	\$ 32	\$ 22
Gain on regulatory settlement	61	14	—
Other	20	59	53
	<u>\$ 128</u>	<u>\$ 105</u>	<u>\$ 75</u>

9. DIRECT OPERATING COSTS

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

(MILLIONS)	Notes	2020	2019	2018
Operations, maintenance and administration.....		\$ (730)	\$ (741)	\$ (792)
Water royalties, property taxes and other.....		(192)	(186)	(163)
Fuel and power purchases ⁽¹⁾		(348)	(316)	(294)
Energy marketing & other services.....	30	(4)	(20)	(24)
		<u>\$ (1,274)</u>	<u>\$ (1,263)</u>	<u>\$ (1,273)</u>

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

10. OTHER

Brookfield Renewable's other for the year ended December 31 is comprised of the following:

(MILLIONS)	Notes	2020	2019	2018
Transaction costs.....		\$ (13)	\$ (5)	\$ (17)
Change in fair value of property, plant and equipment.....		(101)	(65)	(64)
Loss on debt extinguishment.....		(12)	(35)	(27)
Amortization of service concession assets.....		(9)	(20)	(9)
Legal provisions.....	29	(231)	—	—
Other.....		(66)	(151)	(89)
		<u>\$ (432)</u>	<u>\$ (276)</u>	<u>\$ (206)</u>

11. FOREIGN CURRENCY TRANSLATION

Brookfield Renewable's foreign currency translation for the year ended December 31 shown in the consolidated statements of comprehensive income is comprised of the following:

(MILLIONS)	Notes	2020	2019	2018
Foreign currency translation on				
Property, plant and equipment, at fair value.....	13	\$ (604)	\$ 49	\$ (1,592)
Borrowings.....	15	(219)	(133)	607
Deferred income tax liabilities and assets.....	12	35	(32)	180
Other assets and liabilities.....		(52)	25	(39)
		<u>\$ (840)</u>	<u>\$ (91)</u>	<u>\$ (844)</u>

12. INCOME TAXES

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

(MILLIONS)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income tax recovery (expense) applicable to:			
Current taxes			
Attributed to the current period.....	\$ (66)	\$ (70)	\$ (32)
Deferred taxes			
Income taxes – origination and reversal of temporary differences.....	185	78	50
Relating to change in tax rates / imposition of new tax laws.....	(7)	1	95
Relating to unrecognized temporary differences and tax losses.....	35	(52)	230
	<u>213</u>	<u>27</u>	<u>375</u>
Total income tax recovery (expense).....	<u>\$ 147</u>	<u>\$ (43)</u>	<u>\$ 343</u>

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)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Deferred income taxes attributed to:			
Financial instruments designated as cash flow hedges.....	\$ 13	\$ 4	\$ (4)
Other.....	(3)	5	(20)
Revaluation surplus			
Origination and reversal of temporary differences.....	(934)	(432)	(1,291)
Relating to changes in tax rates / imposition of new tax laws.....	—	(59)	54
	<u>\$ (924)</u>	<u>\$ (482)</u>	<u>\$ (1,261)</u>

Brookfield Renewable'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)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutory income tax recovery (expense) ⁽¹⁾	\$ 53	\$ (34)	\$ (69)
Reduction (increase) resulting from:			
Decrease (increase) in tax assets not recognized.....	34	(52)	230
Differences between statutory rate and future tax rate.....	(7)	1	95
Subsidiaries' income taxed at different rates.....	68	38	87
Other.....	(1)	4	—
Effective income tax recovery (expense).....	<u>\$ 147</u>	<u>\$ (43)</u>	<u>\$ 343</u>

⁽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 Brookfield Renewable's subsidiaries using the domestic rate in each tax jurisdiction.

Brookfield Renewable's effective income tax rate was 76.6% for the year ended December 31, 2020 (2019: 35.0% and 2018: (142.9)%). 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 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)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Less than four years	\$ 5	\$ 3	\$ —
Thereafter	149	431	200

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, 2018	\$ 622	\$ (4,052)	\$ (3,430)
Recognized in net income (loss)	232	143	375
Recognized in equity	1	(1,252)	(1,251)
Business combination	—	(99)	(99)
Foreign exchange	(20)	200	180
As at December 31, 2018	835	(5,060)	(4,225)
Recognized in net income (loss)	23	4	27
Recognized in equity	11	(491)	(480)
Business combination	7	14	21
Foreign exchange	9	(41)	(32)
As at December 31, 2019	885	(5,574)	(4,689)
Recognized in net income (loss)	273	(60)	213
Recognized in equity	(52)	(865)	(917)
Business combination	30	18	48
Foreign exchange	4	31	35
As at December 31, 2020	<u>\$ 1,140</u>	<u>\$ (6,450)</u>	<u>\$ (5,310)</u>

The deferred income tax liabilities include \$5,145 million (2019: \$4,293 million and 2018: \$3,864 million) of liabilities which relate to property, plant and equipment revaluations included in equity.

The unrecognized taxable temporary difference attributable to Brookfield Renewable's interest in its subsidiaries, branches, associates, and joint ventures is \$5,405 million (2019: \$3,633 million and 2018: \$3,434 million).

13. 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⁾
As at December 31, 2018		\$ 24,666	\$ 8,796	\$ 4,457	\$ 258	\$ 38,177
IFRS 16 adoption		79	224	100	4	407
Additions		172	26	262	4	464
Disposals		—	(440)	—	—	(440)
Acquisitions through business combinations	5	—	550	753	—	1,303
Items recognized through OCI:						
Change in fair value		1,537	649	230	(3)	2,413
Foreign exchange		98	(33)	(8)	(8)	49
Items recognized through net income:						
Change in fair value		(17)	(11)	(18)	(1)	(47)
Depreciation		(520)	(461)	(271)	(19)	(1,271)
As at December 31, 2019		26,015	9,300	5,505	235	41,055
Additions		474	191	302	1	968
Disposals	4	—	(160)	—	—	(160)
Acquisitions through business combinations	3	—	—	661	—	661
Items recognized through OCI:						
Change in fair value		3,139	421	573	(21)	4,112
Foreign exchange		(708)	(167)	315	(44)	(604)
Items recognized through net income:						
Change in fair value		12	(25)	(54)	(8)	(75)
Depreciation		(514)	(550)	(290)	(13)	(1,367)
As at December 31, 2020 ⁽³⁾		<u>\$ 28,418</u>	<u>\$ 9,010</u>	<u>\$ 7,012</u>	<u>\$ 150</u>	<u>\$ 44,590</u>

(1) Includes biomass and cogeneration.

(2) Includes assets under construction of \$598 million (2019: \$340 million).

(3) Includes right-of-use assets not subject to revaluation of \$74 million (2019: \$71 million) in hydroelectric, \$185 million (2019: \$208 million) in wind, \$152 million (2019: \$131 million) in solar and \$3 million (2019: \$3 million) in other.

The fair value of Brookfield Renewable's property, plant and equipment is calculated as described in Notes 1(h) – 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 Brookfield Renewable's property, plant and equipment. See Note 1(s)(iii) – Critical judgments in applying accounting policies – Property, plant and equipment. Brookfield Renewable has classified its property, plant and equipment under level 3 of the fair value hierarchy.

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

	North America		Colombia		Brazil		Europe	
	2020	2019	2020	2019	2020	2019	2020	2019
Discount rate ⁽¹⁾								
Contracted	4.1% - 4.5%	4.6% - 4.9%	8.1 %	9.0 %	7.3 %	8.2 %	3.0% - 3.6%	3.5% - 4.0%
Uncontracted	5.6% - 6.0%	6.1% - 6.4%	9.4 %	10.3 %	8.6 %	9.5 %	3.6% - 4.7%	4.0% - 5.3%
Terminal capitalization rate ⁽²⁾	5.8% - 6.2%	6.2% - 6.7%	8.9 %	9.8 %	N/A	N/A	N/A	N/A
Exit date ⁽³⁾	2041	2040	2040	2039	2048	2047	2035	2035

(1) Discount rates are not adjusted for asset specific risks.

(2) The terminal capitalization rate applies only to hydroelectric assets in the United States, Canada and Colombia.

(3) For hydroelectric assets, exit date 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:

		2020				
(MILLIONS)	North America	Colombia	Brazil	Europe	Total	
25 bps increase in discount rates.....	\$ (1,190)	\$ (230)	\$ (60)	\$ (80)	\$ (1,560)	
25 bps decrease in discount rates.....	1,300	310	60	80	1,750	
5% increase in future energy prices.....	1,020	430	80	10	1,540	
5% decrease in future energy prices.....	(1,020)	(430)	(80)	(10)	(1,540)	
25 bps increase in terminal capitalization rate.....	(280)	(60)	—	—	(340)	
25 bps decrease in terminal capitalization rate.....	310	60	—	—	370	

		2019				
(MILLIONS)	North America	Colombia	Brazil	Europe	Total	
25 bps increase in discount rates.....	\$ (1,030)	\$ (190)	\$ (90)	\$ (60)	\$ (1,370)	
25 bps decrease in discount rates.....	1,060	250	70	60	1,440	
5% increase in future energy prices.....	920	400	80	10	1,410	
5% decrease in future energy prices.....	(920)	(400)	(80)	(10)	(1,410)	
25 bps increase in terminal capitalization rate.....	(210)	(40)	—	—	(250)	
25 bps decrease in terminal capitalization rate.....	220	40	—	—	260	

Terminal values are included in the valuation of hydroelectric assets in the United States, Canada 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, 2020, including a one-time 30-year renewal for applicable hydroelectric assets, is 32 years (2019: 32 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, 2020:

	North America	Colombia	Brazil	Europe
1 - 5 years.....	64 %	49 %	77 %	95 %
6 - 10 years.....	55 %	5 %	62 %	78 %
11 - 20 years.....	26 %	0 %	30 %	56 %

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.....	\$ 90	COP 220,000	R\$ 306	€ 167
11 - 20 years.....	81	N/A	396	255

⁽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	\$ 67	COP 265,000	R\$ 245	€ 68
11 - 20 years	113	384,000	328	54

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

Brookfield Renewable's long-term view is anchored to the cost of securing new energy from renewable sources to meet future demand growth between 2023 and 2035. A further one year change would increase or decrease the fair value of property, plant and equipment by approximately \$236 million (2019: \$210 million).

Had Brookfield Renewable'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)	2020	2019
Hydroelectric	\$ 11,330	\$ 11,816
Wind	6,625	6,863
Solar	5,583	4,761
Other ⁽¹⁾	175	234
	<u>\$ 23,713</u>	<u>\$ 23,674</u>

⁽¹⁾ Includes biomass and cogeneration.

14. INTANGIBLE ASSETS

The following table provides a reconciliation of intangible assets:

(MILLIONS)	Total
Balance, as at December 31, 2018	\$ 261
Amortization ⁽¹⁾	(20)
Balance, as at December 31, 2019	241
Amortization ⁽¹⁾	(9)
Balance, as at December 31, 2020	<u>\$ 232</u>

⁽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 Latin 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.

Brookfield Renewable's service concession assets operate as authorizations that expire between 2031 and 2038. The remaining intangible assets are amortized straight-line over 17 to 20 years.

Under these arrangements, Brookfield Renewable recognized \$35 million of revenue for the year ended December 31, 2020 (2019: \$36 million and 2018: \$23 million)

15. BORROWINGS

Corporate Borrowings

The composition of corporate borrowings as at December 31 is presented in the following table:

(MILLIONS EXCEPT AS NOTED)	December 31, 2020				December 31, 2019			
	Weighted-average Interest rate (%)	Term (years)	Carrying value	Estimated fair value	Weighted-average Interest rate (%)	Term (years)	Carrying value	Estimated fair value
Credit facilities	N/A	4	\$ —	\$ —	2.9	5	\$ 299	\$ 299
Commercial paper	0.4	< 1	3	3	N/A	N/A	N/A	N/A
Medium Term Notes:								
Series 4 (C\$150)	5.8	16	118	160	5.8	17	115	142
Series 8 (C\$400)	—	—	—	—	4.8	2	308	324
Series 9 (C\$400)	3.8	4	314	348	3.8	5	308	322
Series 10 (C\$500)	3.6	6	392	441	3.6	7	384	400
Series 11 (C\$475)	4.3	8	373	442	4.3	9	231	248
Series 12 (C\$475)	3.4	9	373	420	3.4	10	231	232
Series 13 (C\$300)	4.3	29	236	287	4.3	30	231	237
Series 14 (C\$425)	3.3	30	334	347	—	—	—	—
	3.9	14	2,140	2,445	4.1	10	1,808	1,905
Total corporate borrowings			2,143	\$ 2,448			2,107	\$ 2,204
Add: Unamortized premiums ⁽¹⁾			3				—	
Less: Unamortized financing fees ⁽¹⁾			(11)				(7)	
Less: Current portion			(3)				—	
			\$ 2,132				\$ 2,100	

⁽¹⁾Unamortized premiums and unamortized financing fees are amortized over the terms of the borrowing.

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

(MILLIONS)	2020	2019
Corporate borrowings		
Unamortized financing fees, beginning of year	\$ (7)	\$ (6)
Additional financing fees	(5)	(2)
Amortization of financing fees	1	1
Unamortized financing fees, end of year	\$ (11)	\$ (7)

Credit facilities

Brookfield Renewable had \$3 million commercial paper outstanding as at December 31, 2020 (2019: nil). The commercial paper program is supplemented by our \$1.75 billion corporate credit facilities.

Brookfield Renewable 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 debt service reserve accounts. See Note 29 – Commitments, contingencies and guarantees for letters of credit issued by subsidiaries.

The following table summarizes the available portion of corporate credit facilities as at December 31:

(MILLIONS)	<u>2020</u>	<u>2019</u>
Authorized corporate credit facilities ⁽¹⁾	\$ 2,150	\$ 2,150
Draws on corporate credit facilities ⁽¹⁾	—	(299)
Authorized letter of credit facility.....	400	400
Issued letters of credit.....	<u>(300)</u>	<u>(266)</u>
Available portion of corporate credit facilities.....	<u>\$ 2,250</u>	<u>\$ 1,985</u>

⁽¹⁾ Amounts are guaranteed by Brookfield Renewable.

Medium term notes

Corporate borrowings are obligations of a finance subsidiary of Brookfield Renewable, Brookfield Renewable Partners ULC (“Finco”) (Note 32 – Subsidiary Public Issuers). Finco may redeem some or all of the borrowings from time to time, pursuant to the terms of the indenture. The balance is payable upon maturity, and interest on corporate borrowings is paid semi-annually. The term notes payable by Finco are unconditionally guaranteed by Brookfield Renewable, Brookfield Renewable Energy L.P. (“BRELP”) and certain other subsidiaries.

On April 3, 2020, Brookfield Renewable completed the issuance of C\$175 million (\$124 million) Series 11 medium term notes and C\$175 million (\$124 million) Series 12 medium term notes. The medium term notes were issued as a re-opening on identical terms, other than issue date and the price to the public, to the 4.25% Series 11 medium term notes and the 3.38% Series 12 medium term notes that were issued in September 2018 and 2019, respectively.

On August 11, 2020, Brookfield Renewable completed the issuance of C\$425 million (\$319 million) Series 14 medium term notes. The medium term notes have a fixed interest rate of 3.33% and a maturity date of August 2050. The series 14 medium term notes are corporate-level green bonds.

On September 14, 2020, Brookfield Renewable repaid C\$400 million (\$304 million) of Series 8 medium term notes prior to maturity.

Non-recourse borrowings

Non-recourse borrowings are typically asset-specific, long-term, non-recourse borrowings denominated in the domestic currency of the subsidiary. Non-recourse borrowings in North America and Europe consist of both fixed and floating interest rate debt indexed to the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”) and the Canadian Dollar Offered Rate (“CDOR”). Brookfield Renewable uses interest rate swap agreements in North America and Europe 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 consist of both fixed and floating interest rates indexed to Indicador Bancario de Referencia rate (IBR), the Banco Central de Colombia short-term interest rate, and Colombian Consumer Price Index (IPC), Colombia inflation rate, plus a margin. Non-Recourse borrowings in India consist of both fixed and floating interest indexed to Prime lending rate of lender (“MCLR”). Non-recourse borrowings in China consist of floating interest rates of People's Bank of China (“PBOC”).

It is currently expected that Secured Overnight Financing Rate (“SOFR”) will replace US\$ LIBOR, Sterling Overnight Index Average (“SONIA”) will replace £ LIBOR, and Euro Short-term Rate (“€STR”) will replace € LIBOR. £ LIBOR and € LIBOR replacement is expected to be effective prior to December 31, 2021. US\$ LIBOR replacement is expected to become effective prior to June 30, 2023. As at December 31, 2020, none of Brookfield Renewable’s floating rate borrowings have been impacted by these reforms.

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

(MILLIONS EXCEPT AS NOTED)	December 31, 2020				December 31, 2019			
	Weighted-average				Weighted-average			
	Weighted-average interest rate (%)	Term (years)	Carrying value	Estimated fair value	Weighted-average interest rate (%)	Term (years)	Carrying value	Estimated fair value
Non-recourse borrowings ⁽¹⁾								
Hydroelectric.....	4.8	9	\$ 6,989	\$ 7,853	5.9	10	\$ 6,616	\$ 7,106
Wind.....	4.3	10	4,324	4,785	4.4	10	4,351	4,523
Solar.....	3.6	12	3,684	4,247	5.0	11	3,168	3,316
Energy transition.....	3.8	11	1,009	1,106	3.9	5	1,092	1,115
Total.....	<u>4.3</u>	<u>10</u>	<u>16,006</u>	<u>\$ 17,991</u>	<u>5.1</u>	<u>10</u>	<u>15,227</u>	<u>\$ 16,060</u>
Add: Unamortized premiums ⁽²⁾			63				92	
Less: Unamortized financing fees ⁽²⁾			(122)				(119)	
Less: Current portion.....			(1,141)				(1,133)	
			<u>\$ 14,806</u>				<u>\$ 14,067</u>	

⁽¹⁾ Includes \$15 million (2019: \$142 million) borrowed under a subscription facility of a Brookfield sponsored private fund.

⁽²⁾ Unamortized premiums and unamortized financing fees are amortized over the terms of the borrowing.

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

(MILLIONS)	2021	2022	2023	2024	2025	Thereafter	Total
Non-recourse borrowings							
Hydroelectric.....	\$ 244	\$ 564	\$ 932	\$ 410	\$ 697	\$ 4,142	\$ 6,989
Wind.....	343	285	517	268	274	2,637	4,324
Solar.....	402	166	472	167	173	2,304	3,684
Energy transition.....	152	63	146	43	37	568	1,009
	<u>\$ 1,141</u>	<u>\$ 1,078</u>	<u>\$ 2,067</u>	<u>\$ 888</u>	<u>\$ 1,181</u>	<u>\$ 9,651</u>	<u>\$ 16,006</u>

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

(MILLIONS)	2020	2019
Non-recourse borrowings		
Unamortized financing fees, beginning of year.....	\$ (119)	\$ (102)
Additional financing fees.....	(17)	(43)
Amortization of financing fees.....	9	12
Foreign exchange translation and other.....	5	14
Unamortized financing fees, end of year.....	\$ (122)	\$ (119)

In March 2020, Brookfield Renewable completed a refinancing of COP 200 billion (\$50 million). The debt, drawn in two tranches, bears interest at the applicable base rate plus an average margin of 2.36% and matures in March 2027.

In March 2020, Brookfield Renewable completed a refinancing totaling INR 1,460 million (\$20 million) associated with a solar portfolio in India. A portion of the loan bears interest at the applicable base rate plus a margin of 1.45% and the remaining portion bears a fixed rate of 9.75%. The loans mature between 2032 to 2037.

In March 2020, Brookfield Renewable completed a financing totaling \$246 million associated with a wind portfolio in the United States. The debt bears interest at a fixed rate of 3.28% and matures in 2037.

In May 2020, Brookfield Renewable completed a bridge financing totaling R\$250 million (\$46 million) associated with a solar development project in Brazil. The loan bears a variable interest at the applicable rate plus 3.15% and matures in 2021.

In June 2020, Brookfield Renewable completed a financing totaling C\$23 million (\$17 million) associated with a hydroelectric facility in Canada. The loan bears interest at a fixed rate of 3.5% and matures in 2044.

In June 2020, Brookfield Renewable completed a refinancing of €463 million (\$517 million) associated with a solar portfolio in Spain. The debt is comprised both fixed and variable interest rate tranches and bears an average interest rate of 2.66%. The debt matures in 2037.

In August 2020, Brookfield Renewable completed a bond financing associated with the Colombian business totaling COP 450 billion (\$120 million). The bonds are comprised of a fixed rate bond bearing interest at 6.26% and matures in 2028 and a variable rate bond bearing interest at the applicable base plus 3.9% and matures in 2045.

In September 2020, Brookfield Renewable completed a refinancing of \$296 million associated with a solar portfolio in the United States. The debt bears interest at a fixed rate of 3.38% of the applicable base rate and matures in 2043.

In November 2020, Brookfield Renewable completed a financing of \$560 million associated with a lease buyout in the United States. The debt bears interest at a fixed rate of 4% and matures in 2029.

In November 2020, Brookfield Renewable completed a financing of \$189 million associated with a solar portfolio in the United States. The loan bears a variable interest at the applicable rate plus 1.60% and matures in 2027.

In December 2020, Brookfield Renewable completed an up-financing of R\$120 million (\$23 million) associated with a mixed technology portfolio in Brazil. The loan bears a variable interest at the applicable rate plus 3.60% and mature in 2023.

In December 2020, Brookfield Renewable completed a financing of \$43.5 million associated with a repowering project in the United States. The loan bears a variable interest at the applicable rate plus 1.4% and matures in 2023.

In December 2020, Brookfield Renewable completed a refinancing of R\$330 million (\$65 million) associated with a hydroelectric facility in Brazil. The loan bears a variable interest at the applicable rate plus 2.9% and matures in 2027.

In December 2020, Brookfield Renewable completed an up-financing of €110 million (\$132 million) associated with a Solar portfolio in Spain. The loan bears 2.1% fixed interest and matures in 2040.

In December 2020, Brookfield Renewable completed an up-financing of C\$125 million (\$98 million) associated with a portfolio of hydroelectric facilities in Canada. The loan bears variable interest at the applicable rate plus 1.6% and matures in 2023.

Supplemental Information

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

(MILLIONS)	January 1	Net cash flows from financing activities	Non-cash			December 31
			Acquisition	Disposal	Other ⁽¹⁾⁽²⁾	
2020						
Corporate borrowings	\$ 2,100	(30)	—	—	65	\$ 2,135
Non-recourse borrowings	\$ 15,200	(175)	475	—	447	\$ 15,947
2019						
Corporate borrowings	\$ 2,328	(314)	—	—	86	\$ 2,100
Non-recourse borrowings	\$ 14,218	823	319	(196)	36	\$ 15,200

⁽¹⁾ Includes foreign exchange and amortization of unamortized premium and financing fees.

⁽²⁾ Includes a \$247 million adjustment related to the buyout of the lease on a 192 MW hydroelectric facility in Louisiana.

16. NON-CONTROLLING INTERESTS

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

(MILLIONS)	2020	2019
Participating non-controlling interests – in operating subsidiaries	\$ 11,100	\$ 11,086
General partnership interest in a holding subsidiary held by Brookfield	56	68
Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield	2,721	3,317
Class A exchangeable shares of Brookfield Renewable Corporation	2,408	—
Preferred equity	609	597
	<u>\$ 16,894</u>	<u>\$ 15,068</u>

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	Canadian Hydroelectric Portfolio	The Catalyst Group	Isagen institutional investors	Isagen public non-controlling interests	TerraForm Power public non-controlling interests	Other	Total
As at December 31, 2017	\$ 850	\$ 1,682	\$ 2,332	\$ —	\$ —	\$ 134	\$ 1,701	\$ 9	\$ 665	\$ 205	\$ 7,578
Net income	1	9	164	—	4	14	174	1	59	13	439
OCI	66	298	1,107	—	(11)	(18)	504	5	294	58	2,303
Capital contributions	—	9	235	—	293	—	—	—	—	—	537
Acquisition	—	—	—	—	—	—	—	—	—	21	21
Distributions	(17)	(81)	(324)	—	—	(6)	(167)	—	(55)	(14)	(664)
Other	—	12	(18)	—	(10)	—	—	—	39	52	75
As at December 31, 2018	900	1,929	3,496	—	276	124	2,212	15	1,002	335	10,289
Net income (loss)	—	(13)	6	6	19	17	154	1	(79)	2	113
OCI	46	134	427	(3)	61	(41)	266	2	112	—	1,004
Capital contributions	—	—	2	159	268	—	—	(2)	244	3	674
Disposals	—	(87)	—	—	—	—	—	—	—	(85)	(172)
Distributions	(24)	(120)	(332)	—	(1)	(11)	(259)	(1)	(66)	(30)	(844)
Other	—	8	20	1	(5)	—	2	(2)	(5)	3	22
As at December 31, 2019	922	1,851	3,619	163	618	89	2,375	13	1,208	228	11,086
Net income (loss)	(13)	(21)	(52)	15	35	16	130	—	(31)	101	180
OCI	100	196	413	—	11	27	325	2	2	36	1,112
Capital contributions	—	9	23	246	—	—	—	—	—	242	520
Return of capital	—	(3)	(109)	—	(35)	—	—	—	—	—	(147)
Disposals	—	—	—	—	—	—	—	—	—	(15)	(15)
Distributions	(8)	(38)	(204)	(13)	(1)	(34)	(180)	—	(35)	(38)	(551)
Special distribution/TerraForm Power acquisition	—	—	—	—	—	—	—	—	(1,101)	—	(1,101)
Other	1	—	(67)	(1)	(1)	(1)	1	(1)	(43)	128	16
As at December 31, 2020	\$ 1,002	\$ 1,994	\$ 3,623	\$ 410	\$ 627	\$ 97	\$ 2,651	\$ 14	\$ —	\$ 682	\$ 11,100
Interests held by third parties	75%-80%	43%-60	23%-71%	75 %	50 %	25 %	53 %	0.3 %	— %	20%-50%	

On June 11, 2018, a subsidiary of Brookfield Renewable purchased 60,975,609 shares of TerraForm Power's common stock at a price per share of \$10.66 in a private placement ("2018 Private Placement"). Immediately upon completion of the 2018 Private Placement, Brookfield and its institutional partners held an approximately 65% interest in TerraForm Power. The remaining approximately 35% ownership interest was held by TerraForm Power's public shareholders.

On August 3, 2018, TerraForm Power issued 80,084 shares of its common stock to a controlled affiliate of Brookfield Renewable and shareholder of Terraform Power in connection with the net losses incurred as a result of the final resolution of a securities class action under federal securities law. Immediately upon completion of this issuance, Brookfield Renewable and its institutional partners held an approximately 65% interest in TerraForm Power. The remaining approximately 35% ownership interest was held by TerraForm Power's public shareholders.

On October 8, 2019, a subsidiary of Brookfield Renewable purchased 2,981,514 shares of TerraForm Power's common stock at a price per share of \$16.77 in a private placement ("2019 Private Placement"). This was completed concurrent with TerraForm Power registered public offering of \$250 million. Upon completion of the public offering and the 2019 Private Placement, as at December 31, 2019, Brookfield Renewable and its institutional partners held an approximately 61.5% interest in TerraForm Power. The remaining approximately 38.5% ownership interest was held by TerraForm Power's public shareholders.

On July 31, 2020, Brookfield Renewable acquired all of the public TerraForm Power shares, representing a 38% interest in TerraForm Power. See Note 1(c)(iii) for more details. As at December 31, 2020, TerraForm Power is 100% owned by Brookfield Renewable and its institutional partners.

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

(MILLIONS)	Brookfield Americas Infrastructure Fund	Brookfield Infrastructure Fund II	Brookfield Infrastructure Fund III ⁽¹⁾	Brookfield Infrastructure Fund IV	Canadian Hydroelectric Portfolio	The Catalyst Group	Isagen ⁽²⁾	TerraForm Power	Other	Total
Interests held by third parties.....	75%-80%	43%-60%	69%-71%	75 %	50 %	25 %	76 %	33 %	20%-50%	
Place of business	United States, Brazil	United States, Brazil, Europe	United States, Brazil, Europe, India, China	Brazil, India, China	Canada	United States	Colombia	North America, South America, Europe	United States, Brazil, Canada, Colombia	
Year ended December 31, 2018:										
Revenue.....	\$ 157	\$ 447	\$ 311	\$ —	\$ 38	\$ 142	\$ 896	\$ 815	\$ 21	\$ 2,827
Net income.....	2	17	19	—	15	56	331	213	2	655
Total comprehensive income (loss).....	95	544	898	—	25	(16)	1,290	1,063	16	3,915
Net income allocated to non-controlling interests.....	1	9	15	—	6	14	251	142	1	439
Year ended December 31, 2019:										
Revenue.....	\$ 155	\$ 451	\$ 255	\$ 39	\$ 96	\$ 145	\$ 971	\$ 991	\$ 29	\$ 3,132
Net income (loss).....	2	(20)	10	9	42	67	293	(207)	6	202
Total comprehensive income (loss).....	61	294	359	4	138	(99)	1,007	90	17	1,871
Net income (loss) allocated to non-controlling interests.....	—	(13)	8	6	19	17	220	(149)	5	113
As at December 31, 2019:										
Property, plant and equipment, at fair value.....	\$ 1,713	\$ 5,240	\$ 2,508	\$ 538	\$ 1,849	\$ 696	\$ 7,352	\$ 10,350	\$ 261	\$ 30,507
Total assets.....	1,754	5,455	3,371	662	3,486	794	8,403	11,420	268	35,613
Total borrowings.....	509	1,756	850	331	1,651	325	1,865	6,297	93	13,677
Total liabilities.....	569	2,116	1,089	439	2,045	342	3,928	8,155	114	18,797
Carrying value of non-controlling interests.....	922	1,852	1,622	162	651	88	3,395	2,344	50	11,086
Year ended December 31, 2020:										
Revenue.....	\$ 137	\$ 346	\$ 189	\$ 85	\$ 123	\$ 141	\$ 874	\$ 1,161	\$ 20	\$ 3,076
Net income (loss).....	(15)	(34)	(2)	20	73	65	247	(360)	173	167
Total comprehensive income (loss).....	109	345	160	19	108	173	866	238	176	2,194
Net income allocated to non-controlling interests.....	(13)	(21)	(4)	15	38	16	187	(158)	120	180
As at December 31, 2020:										
Property, plant and equipment, at fair value.....	\$ 1,785	\$ 5,314	\$ 2,609	\$ 724	\$ 1,877	\$ 1,037	\$ 8,150	\$ 11,606	\$ 276	\$ 33,378
Total assets.....	1,833	5,562	3,101	1,129	3,579	1,045	9,130	12,767	440	38,586
Total borrowings.....	483	1,629	832	427	1,672	549	1,822	6,890	94	14,398
Total liabilities.....	550	1,950	926	581	2,067	557	4,131	9,365	127	20,254
Carrying value of non-controlling interests.....	1,002	1,994	1,545	410	675	97	3,794	1,434	149	11,100

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

⁽²⁾ The total third party ownership interest in Isagen as of December 31, 2020 was 75.9% and comprised of Brookfield Infrastructure Fund III: 23.0%, Isagen Institutional investors 52.6% and other non-controlling interests: 0.3%.

General partnership interest in a holding subsidiary held by Brookfield, Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield and Class A exchangeable shares of Brookfield Renewable Corporation held by public shareholders and Brookfield

The BEPC exchangeable shares were issued during the year as part of the special distribution, completed on July 30, 2020 and the TerraForm Power acquisition, completed on July 31, 2020. The distribution resulted in no cash proceeds to the partnership. Refer to Note 1 – Basis of preparation and significant accounting policies for further details.

On December 11, 2020, Brookfield Renewable completed the Unit Split, resulting in the issuance of 1,325,754 general partnership units, 64,829,316 Redeemable/Exchangeable partnership units and 57,394,811 BEPC exchangeable shares. All Unit count and per Unit disclosures are presented on a post-split basis.

Brookfield, as the owner of the 1% general partnership interest in BRELP held by Brookfield (“GP interest”), is entitled to regular distributions plus an incentive distribution based on the amount by which quarterly distributions exceed specified target levels. To the extent that LP unit distributions exceed \$0.20 per LP unit per quarter, the incentive is 15% of distributions above this threshold. To the extent that quarterly LP unit distributions exceed \$0.2253 per LP unit per quarter, the incentive distribution is equal to 25% of distributions above this threshold.

Consolidated equity includes Redeemable/Exchangeable partnership units, BEPC exchangeable shares and the GP interest. The Redeemable/Exchangeable partnership units and the GP interest are held 100% by Brookfield and the BEPC exchangeable shares are held 34.7% by Brookfield with the remainder held by public shareholders. The Redeemable/Exchangeable partnership units and BEPC exchangeable shares provide the holder, at its discretion, with the right to redeem these units or shares, respectively, for cash consideration. Since this redemption right is subject to Brookfield Renewable’s right, at its sole discretion, to satisfy the redemption request with LP units of Brookfield Renewable on a one-for-one basis, the Redeemable/Exchangeable partnership units and BEPC exchangeable shares are classified as equity in accordance with IAS 32, Financial Instruments: Presentation.

The Redeemable/Exchangeable partnership units, BEPC exchangeable shares and the GP interest are presented as non-controlling interests since they relate to equity in a subsidiary that is not attributable, directly or indirectly, to Brookfield Renewable. During the year ended December 31, 2020, exchangeable shareholders of BEPC exchanged 136,517 BEPC exchangeable shares for \$2 million LP units. No Redeemable/Exchangeable partnership units have been redeemed.

The Redeemable/Exchangeable partnership units issued by BRELP and the BEPC exchangeable shares issued by BEPC have the same economic attributes in all respects to the LP units issued by Brookfield Renewable, except for the redemption rights described above. The Redeemable/Exchangeable partnership units, BEPC exchangeable shares and the GP interest, excluding incentive distributions, participate in earnings and distributions on a per unit basis equivalent to the per unit participation of the LP units of Brookfield Renewable.

As at December 31, 2020, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and units of GP interest outstanding were 194,487,939 units (December 31, 2019: 194,487,939 units), 172,180,417 shares (December 31, 2019: nil), and 3,977,260 units (December 31, 2019: 3,977,260 units), respectively.

In December 2020, Brookfield Renewable renewed its normal course issuer bid in connection with its LP units and entered into a normal course issuer bid for its outstanding BEPC exchangeable shares. Brookfield Renewable is authorized to repurchase up to 13,740,072 LP units and 8,609,220 BEPC exchangeable shares, representing 5% of each of its issued and outstanding LP units and BEPC exchangeable shares. The bids will expire on December 15, 2021, or earlier should Brookfield Renewable complete its repurchases prior to such date. There were no LP units or BEPC exchangeable shares repurchased during the year ended December 31, 2020. During the year ended December 31, 2019, there were 30,000 LP units repurchased at a total cost of less than \$1 million.

Distributions

The composition of the distributions are presented in the following table:

(MILLIONS)	2020	2019	2018
General partnership interest in a holding subsidiary held by Brookfield	\$ 5	\$ 5	\$ 5
Incentive distribution	65	50	40
	70	55	45
Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield	250	268	255
BEPC exchangeable shares held by			
Brookfield	42	—	—
External shareholders	74	—	—
Total BEPC exchangeable shares	116	—	—
	\$ 436	\$ 323	\$ 300

The following table summarizes certain financial information regarding *General partnership interest in a holding subsidiary held by Brookfield, Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield and Class A exchangeable shares of Brookfield Renewable Corporation held by public shareholders and Brookfield:*

(MILLIONS)	2020	2019	2018
For the year ended December 31:			
Revenue	\$ 3,810	\$ 3,971	\$ 3,797
Net income	(45)	80	583
Comprehensive income	3,068	2,025	4,474
Net income (loss) allocated to ⁽¹⁾ :			
General partnership interest in a holding subsidiary held by Brookfield	62	50	41
Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield	(133)	(65)	16
Class A shares of Brookfield Renewable Corporation	(49)	—	—
As at December 31:			
Property, plant and equipment, at fair value	\$ 44,590	\$ 41,055	
Total assets	49,722	46,196	
Total borrowings	18,082	17,300	
Total liabilities	27,955	25,716	
Carrying value of ⁽²⁾ :			
General partnership interest in a holding subsidiary held by Brookfield	56	68	
Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield	2,721	3,317	

⁽¹⁾ Allocated based on weighted-average GP interest, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and LP units of 4.0 million, 194.5 million, 139.9 million and 271.1 million, respectively (2019: 4.0 million, 194.5 million, nil and 268.3 million, respectively and 2018: 4.0 million, 194.5 million, nil and 270.4 million, respectively).

⁽²⁾ Allocated based on outstanding GP interest, Redeemable/Exchangeable partnership units, BEPC exchangeable shares and LP units of 4.0 million, 194.5 million, 172.2 million and 274.8 million, respectively (2019: 4.0 million, 194.5 million, nil and 268.5 million, respectively).

Preferred equity

Brookfield Renewable's preferred equity as at December 31 consists of Class A Preference Shares of Brookfield Renewable Power Preferred Equity Inc. ("BRP Equity") as follows:

(MILLIONS, EXCEPT AS NOTED)	Shares outstanding	Cumulative dividend rate (%)	Earliest permitted redemption date	Dividends declared for the year ended December 31		Carrying value as at	
				2020	2019	December 31, 2020	December 31, 2019
Series 1 (C\$136).....	6.85	3.36	April 2025	\$ 3	\$ 3	\$ 134	\$ 105
Series 2 (C\$113) ⁽¹⁾ ..	3.11	2.76	April 2025	3	4	62	86
Series 3 (C\$249).....	9.96	4.40	July 2024	8	8	195	192
Series 5 (C\$103).....	4.11	5.00	April 2018	4	4	81	79
Series 6 (C\$175).....	7.00	5.00	July 2018	7	7	137	135
	<u>31.03</u>			<u>\$ 25</u>	<u>\$ 26</u>	<u>\$ 609</u>	<u>\$ 597</u>

⁽¹⁾ Dividend rate represents annualized distribution based on the most recent quarterly floating rate.

The Class A Preference Shares do not have a fixed maturity date and are not redeemable at the option of the holders. As at December 31, 2020, none of the issued Class A Preference Shares have been redeemed by BRP Equity.

Class A Preference Shares – Normal Course Issuer Bid

In July 2020, the Toronto Stock Exchange accepted notice of BRP Equity's intention to renew the normal course issuer in connection with its outstanding Class A Preference Shares for another year to July 8, 2021, or earlier should the repurchases be completed prior to such date. Under this normal course issuer bid, it is permitted to repurchase up to 10% of the total public float for each respective series of the Class A Preference Shares. Shareholders may receive a copy of the notice, free of charge, by contacting Brookfield Renewable. There were no repurchases of Class A Preference Shares during 2020 in connection with the normal course issuer bid.

17. PREFERRED LIMITED PARTNERS' EQUITY

Brookfield Renewable's preferred limited partners' equity comprises of Class A Preferred units as follows:

(MILLIONS, EXCEPT AS NOTED)	Shares outstanding	Cumulative distribution rate (%)	Earliest permitted redemption date	Distributions declared for the year ended December 31		Carrying value as at	
				2020	2019	December 31, 2020	December 31, 2019
Series 5 (C\$72).....	2.89	5.59	April 2018	\$ 3	\$ 3	\$ 49	\$ 49
Series 7 (C\$175).....	7.00	5.50	January 2021	7	7	128	128
Series 9 (C\$200).....	8.00	5.75	July 2021	9	9	147	147
Series 11 (C\$250)....	10.00	5.00	April 2022	9	9	187	187
Series 13 (C\$250)...	10.00	5.00	April 2023	9	10	196	196
Series 15 (C\$175)...	7.00	5.75	April 2024	8	6	126	126
Series 17 (\$200).....	8.00	5.25	March 2025	9	—	195	—
	<u>52.89</u>			<u>\$ 54</u>	<u>\$ 44</u>	<u>\$ 1,028</u>	<u>\$ 833</u>

On February 24, 2020, Brookfield Renewable issued 8,000,000 Class A Preferred Limited Partnership Units, Series 17 (the "Series 17 Preferred Units") at a price of \$25 per unit for gross proceeds of \$200 million. Brookfield Renewable incurred \$5 million in related transaction costs inclusive of fees paid to underwriters. The holders of the Series 17 Preferred Units are entitled to receive a cumulative quarterly fixed distribution yielding 5.25%.

As at December 31, 2020, none of the Class A, Series 5 Preferred Limited Partnership Units have been redeemed.

In July 2020, the Toronto Stock Exchange accepted notice of Brookfield Renewable's intention to renew the normal course issuer bid in connection with the outstanding Class A Preferred Limited Partnership Units for another year to July 8, 2021, or earlier should the repurchases be completed prior to such date. Under this normal course issuer bid, Brookfield Renewable is permitted to repurchase up to 10% of the total public float for each respective series of its Class A Preference Units. Unitholders may receive a copy of the notice, free of charge, by contacting Brookfield Renewable. No shares were repurchased during 2020.

18. LIMITED PARTNERS' EQUITY

Limited partners' equity

On December 11, 2020, Brookfield Renewable completed the three-for-two Unit Split of Brookfield Renewable's outstanding Units by way of a subdivision of Units, whereby LP unit holders received an additional one-half of an LP unit for each LP unit held, resulting in the issuance of 91,600,487 LP units. Our preferred units and preferred limited partners' equity were not affected by the split. The Redeemable/Exchangeable partnership units, BEPC exchangeable shares and units of GP interest were concurrently split as part of the Unit Split. All LP unit count and per LP unit disclosures are presented on a post-split basis.

As at December 31, 2020, 274,837,890 LP units were outstanding (2019: 268,466,704 LP units) including 68,749,416 LP units (2019: 84,103,416 LP units) held by Brookfield. Brookfield owns all general partnership interests in Brookfield Renewable representing a 0.01% interest.

On July 31, 2020, Brookfield Renewable completed the TerraForm Power Acquisition by issuing 55,552,862 BEPC exchangeable shares and 6,051,704 LP units. Brookfield Asset Management's direct and indirect interest after the TerraForm Power Acquisition represented approximately 51.5% of the company on a fully-exchanged basis. On an unexchanged basis, Brookfield Asset Management holds a 25% direct limited partnership interest in BEPC after the TerraForm Power Acquisition. Refer to Note 1 – Basis of preparation and significant accounting policies for further information on the Terraform Power Acquisition.

During the year ended December 31, 2020, 182,966 LP units (2019: 264,894 LP units) were issued under the distribution reinvestment plan at a total cost of \$6 million (2019: \$6 million).

During the year ended December 31, 2020, exchangeable shareholders of BEPC exchanged 136,517 BEPC exchangeable shares for \$2 million LP units.

As at December 31, 2020, Brookfield Asset Management's direct and indirect interest of 323,051,190 LP units, Redeemable/Exchangeable partnership units and BEPC exchangeable shares represents approximately 50.4% of Brookfield Renewable on a fully-exchanged basis and the remaining approximate 49.6% is held by public investors.

On an unexchanged basis, Brookfield holds a 25% direct limited partnership interest in Brookfield Renewable, a 41% direct interest in BRELP through the ownership of Redeemable/Exchangeable partnership units and a direct 1% GP interest in BRELP and a 35% direct interest in the BEPC exchangeable shares of BEPC as at December 31, 2020.

In December 2020, Brookfield Renewable renewed its normal course issuer bid in connection with its LP units. Brookfield Renewable is authorized to repurchase up to 13,740,072 LP units, representing 5% of its issued and outstanding LP units. The bids will expire on December 15, 2021, or earlier should Brookfield Renewable complete its repurchases prior to such date. There were no LP units repurchased during the year ended December 31, 2020. During the year ended December 31, 2019, there were 30,000 LP units repurchased at a total cost of less than \$1 million.

Distributions

The composition of the distributions are presented in the following table:

(MILLIONS)	2020	2019
Brookfield.....	\$ 98	\$ 116
External LP unitholders.....	251	254
	\$ 349	\$ 370

In February 2021, distributions to unitholders were increased to \$1.215 per LP unit on an annualized basis, an increase of \$0.06 per LP unit, which will take effect on the distribution payable in March 2021.

19. GOODWILL

The following table provides a reconciliation of goodwill:

(MILLIONS)	Notes	Total
Balance, as at December 31, 2018.....		\$ 948
Foreign exchange and other ⁽¹⁾		<u>1</u>
Balance, as at December 31, 2019.....		949
Acquired through acquisition.....	3	41
Foreign exchange.....		<u>(20)</u>
Balance, as at December 31, 2020 ⁽²⁾		<u>\$ 970</u>

⁽¹⁾ Represents adjustments to the purchase price allocation of the assets acquired and liabilities assumed from the Saeta acquisition.

⁽²⁾ Includes goodwill of \$784 million (2019: \$821 million) in the hydroelectric segment, \$72 million (2019: \$66 million) in the wind segment and \$114 million (2019: \$62 million) in the solar segment.

The 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, Brookfield Renewable 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, 2020, we 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 relating to the wind and solar segments is not significant compared to the total balance as at December 31, 2020 and no impairment of the goodwill was recorded during the year.

20. CAPITAL MANAGEMENT

Brookfield Renewable'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 to its LP unitholders. Brookfield Renewable's capital is monitored through the debt-to-total capitalization ratio on a corporate and consolidated basis. As at December 31, 2020 these ratios were 6% and 27%, respectively (2019: 10% and 34%, respectively).

Brookfield Renewable has provided covenants to certain of its lenders for its corporate borrowings and credit facilities. The covenants require Brookfield Renewable to meet minimum debt-to-capitalization ratios. Subsidiaries of Brookfield Renewable 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 Brookfield Renewable 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 Brookfield Renewable, as well as repayment of outstanding debt. Brookfield Renewable is dependent on the distributions made by its subsidiaries to service its debt.

Brookfield Renewable's strategy during 2020, which was unchanged from 2019, was to maintain the measures set out in the following schedule as at December 31:

(MILLIONS)	Corporate		Consolidated	
	2020	2019	2020	2019
Corporate credit facility ⁽¹⁾	\$ —	\$ 299	\$ —	\$ 299
Commercial paper ⁽¹⁾⁽²⁾	3	—	3	—
Debt				
Medium term notes ⁽³⁾	2,140	1,808	2,140	1,808
Non-recourse borrowings ⁽⁴⁾	—	—	16,006	15,227
	2,140	1,808	18,146	17,035
Deferred income tax liabilities, net ⁽⁵⁾	—	—	5,310	4,689
Equity				
Non-controlling interest	—	—	11,100	11,086
Preferred equity	609	597	609	597
Preferred limited partners' equity	1,028	833	1,028	833
Unitholders' equity	9,030	7,964	9,030	7,964
Total capitalization	\$ 12,807	\$ 11,202	\$ 45,223	\$ 42,204
Debt-to-total capitalization	17 %	16 %	40 %	40 %
Debt-to-total capitalization (market value) ⁽⁶⁾	6 %	10 %	27 %	34 %

⁽¹⁾ Draws on corporate credit facilities and commercial paper issuances are excluded from the debt-to-total capitalization ratios as they are not a permanent source of capital.

⁽²⁾ Our commercial paper program is supplemented by our \$1.75 billion corporate credit facilities with a weighted-average maturity of four years.

⁽³⁾ Medium term notes are unsecured and guaranteed by Brookfield Renewable and excludes \$8 million (2019: \$7 million) of deferred financing fees, net of unamortized premiums.

⁽⁴⁾ Consolidated non-recourse borrowings include \$15 million (2019: \$142 million) borrowed under a subscription facility of a Brookfield sponsored private fund and excludes \$59 million (2019: \$27 million) of deferred financing fees, net of unamortized premiums.

⁽⁵⁾ Deferred income tax liabilities less deferred income tax assets.

⁽⁶⁾ Based on market values of Preferred equity, Preferred limited partners' equity and Unitholders' equity.

21. EQUITY-ACCOUNTED INVESTMENTS

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

(MILLIONS)	2020	2019	2018
Balance, beginning of year	\$ 937	\$ 684	\$ 509
Investment	42	144	13
Return of capital	(19)	—	—
Share of net income	27	29	28
Share of other comprehensive income	29	81	168
Dividends received	(56)	(16)	(9)
Foreign exchange translation and other	11	15	(25)
Balance, end of year	<u>\$ 971</u>	<u>\$ 937</u>	<u>\$ 684</u>

22. CASH AND CASH EQUIVALENTS

Brookfield Renewable's cash and cash equivalents as at December 31 are as follows:

(MILLIONS)	2020	2019
Cash	\$ 422	\$ 327
Short-term deposits	9	25
	<u>\$ 431</u>	<u>\$ 352</u>

23. RESTRICTED CASH

Brookfield Renewable's restricted cash as at December 31 is as follows:

(MILLIONS)	Note	2020	2019
Operations		\$ 129	\$ 128
Credit obligations		119	143
Capital expenditures and development projects		35	22
Total		283	293
Less: non-current	25	(75)	(104)
Current		<u>\$ 208</u>	<u>\$ 189</u>

24. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Brookfield Renewable's trade receivables and other current assets as at December 31 are as follows:

(MILLIONS)	2020	2019
Trade receivables	\$ 614	\$ 580
Prepays and others	64	100
Inventory	26	43
Income tax receivables	15	47
Other short-term receivables	163	158
Current portion of contract asset	46	51
	<u>\$ 928</u>	<u>\$ 979</u>

As at December 31, 2020, 84% (2019: 72%) of trade receivables were current. Brookfield Renewable does not expect issues with collectability of these amounts. Accordingly, as at December 31, 2020 and 2019 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.

25. OTHER LONG-TERM ASSETS

Brookfield Renewable's other long-term assets as at December 31 are as follows:

(MILLIONS)	Note	2020	2019
Contract asset		\$ 409	\$ 422
Restricted cash	23	75	104
Other		121	77
		<u>\$ 605</u>	<u>\$ 603</u>

At December 31, 2020 and 2019, restricted cash was held primarily to satisfy operations and maintenance reserve requirements, lease payments and credit agreements.

Contract assets are the result of contract amendments made to Brookfield Renewable's long-term power purchase agreements with Brookfield associated with generating assets in Ontario held by Great Lakes Power Limited and Mississagi Power Trust. The net impact of these changes were offset by changes to Brookfield Renewable's long-term energy revenue agreement with Brookfield associated with several entities owned by Brookfield Renewable in the United States, however the changes resulted in a difference in timing of cash flows. As a result, the amendments were accounted for in reflection of their substance, with the recognition of contract asset and liability balances and net financing charges to be recognized over the remainder of the term of the agreements. There are no material provisions for expected credit losses on contract assets. See Note 30 – Related party transactions, for additional details regarding Brookfield Renewable's revenue agreements with Brookfield.

26. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Brookfield Renewable's accounts payable and accrued liabilities as at December 31 are as follows:

(MILLIONS)	2020	2019
Operating accrued liabilities	\$ 270	\$ 309
Accounts payable	127	152
Interest payable on borrowings	106	105
LP unitholders' distributions, preferred limited partnership unit distributions, preferred dividends and BEPC exchangeable shares dividends payable ⁽¹⁾	46	33
Current portion of lease liabilities	33	21
Other	43	67
	<u>\$ 625</u>	<u>\$ 687</u>

⁽¹⁾ Includes amounts payable only to external LP unitholders and BEPC exchangeable shareholders. Amounts payable to Brookfield are included in due to related parties.

27. PROVISIONS

The following table presents the change in the decommissioning liabilities for Brookfield Renewable:

(MILLIONS)	<u>2020</u>	<u>2019</u>
Balance, beginning of the year	\$ 504	\$ 394
Acquisitions through business combinations	23	38
Reduction arising from payments/derecognition	—	(8)
Accretion	17	17
Changes in estimates	94	61
Foreign exchange	7	2
Balance, end of the year	<u>\$ 645</u>	<u>\$ 504</u>

Brookfield Renewable has recorded decommissioning retirement obligations associated with certain power generating assets. The decommissioning retirement obligation has been established for hydroelectric, wind and solar operation sites that are substantially expected to be restored between the years 2031 to 2054. The estimated cost of decommissioning activities is based on a third-party assessment.

For details on other legal provisions, please refer to Note 29 – Commitments, contingencies and guarantees.

28. OTHER LONG-TERM LIABILITIES

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

(MILLIONS)	<u>2020</u>	<u>2019</u>
Contract liabilities	\$ 602	\$ 562
Lease liabilities	405	379
Pension obligations	98	99
Due to related parties	11	7
Concession payment liability	11	12
Other	119	142
	<u>\$ 1,246</u>	<u>\$ 1,201</u>

Contract liabilities are the result of the amendment to the energy revenue agreement between Brookfield and several entities owned by Brookfield Renewable in the United States. See Note 25 – Other long-term assets, for additional details regarding Brookfield Renewable's contract balances. See Note 30 – Related party transactions, for additional details regarding Brookfield Renewable's revenue agreements with Brookfield.

29. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments

In the course of its operations, Brookfield Renewable and its subsidiaries have 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, Brookfield Renewable will enter into capital expenditure commitments which primarily relate to contracted project costs for various growth initiatives. As at December 31, 2020, Brookfield Renewable had \$574 million (2019: \$36 million) of capital expenditure commitments outstanding, of which \$405 million is payable in less than one year, \$159 million in two years, and \$10 million thereafter.

An integral part of Brookfield Renewable's strategy is to participate with institutional investors in Brookfield-sponsored private equity funds that target acquisitions that suit Brookfield Renewable's profile. In the normal course of business, Brookfield Renewable 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, Brookfield Renewable 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), Brookfield Renewable, or by co-investors.

Brookfield Renewable, alongside institutional partners, entered into a commitment to invest approximately R\$54 million (\$10 million) to acquire a 270 MW development wind portfolio in Brazil. The transaction is expected to close in the first quarter of 2021, subject to customary closing conditions, with Brookfield Renewable expected to hold a 25% interest.

Brookfield Renewable, alongside institutional partners, entered into a commitment to invest \$700 million to acquire an 845 wind portfolio in United States. The transaction is expected to close in the first quarter of 2021, subject to customary closing conditions, with Brookfield Renewable expected to hold a 25% interest.

Brookfield Renewable, alongside institutional partners, entered into a commitment to invest \$810 million to acquire a distributed generation development platform comprising 360 MW of operating and under construction assets across nearly 600 sites throughout the United States and 700 MW of development assets. The transaction is expected to close in the first quarter of 2021, subject to customary closing conditions, with Brookfield Renewable expected to hold a 25% interest.

Subsequent to year-end, Brookfield Renewable, together with its institutional partners, closed its purchase of a 23% interest in Polenergia, a large scale renewable business in Poland, in connection with its previously announced tender offer alongside Polenergia's current majority shareholder, at a cost of approximately \$175 million (approximately \$44 million net to Brookfield Renewable for a 6% interest). Brookfield Renewable, together with its institutional partners and Polenergia's current majority shareholder, will collectively hold a 75% interest in the company.

Subsequent to year-end, Brookfield Renewable, alongside institutional partners, entered into a commitment to invest COP 411 billion (\$111 million) to acquire a 40 MW hydroelectric portfolio in Colombia. The transaction is expected to close in the first quarter of 2021, subject to customary closing conditions, with Brookfield Renewable expected to hold a 24% interest.

Subsequent to year-end, Brookfield Renewable, alongside institutional partners, entered into a commitment to invest COP 153 billion (\$41 million) to acquire a 38 MW portfolio of solar development projects in Colombia. The transaction is expected to close in the first quarter of 2021, subject to customary closing conditions, with Brookfield Renewable expected to hold a 24% interest.

Contingencies

Brookfield Renewable 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 Brookfield Renewable's consolidated financial position or results of operations.

On December 22, 2020, our subsidiary, TerraForm Power, received an adverse summary judgment ruling in connection with litigation relating to a historical contractual dispute. This litigation predates the 2017 acquisition of an initial 51% interest in TerraForm Power by Brookfield Renewable and its institutional partners. The dispute relates to an allegation that TerraForm Power was obligated to make earn-out payments in connection with the acquisition of certain development assets by TerraForm Power's former parent company from a third party. The court's ruling in favor of the plaintiffs awarded approximately \$231 million plus 9% annual non-compounding interest that has accrued at the New York State statutory rate since May 2016, of which a surety bond was posted with the court for the judgment amount plus one year of additional 9% interest on the judgment amount. While TerraForm Power has appealed the ruling, we cannot predict with certainty the ultimate resolution of the appeal or any other proceedings brought in connection with these claims. In connection to this matter, Brookfield Renewable has recognized a provision of \$231 million on its consolidated statement of financial position.

Brookfield Renewable, on behalf of Brookfield Renewable's subsidiaries, and the 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 activity on the issued letters of credit by Brookfield Renewable can be found in Note 15 – Borrowings.

Brookfield Renewable, along with institutional investors, 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 and Brookfield Infrastructure Fund IV. Brookfield Renewable'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 Brookfield Renewable along with institutional investors and its subsidiaries were as at the following dates:

(MILLIONS)	<u>2020</u>	<u>2019</u>
Brookfield Renewable along with institutional investors	\$ 46	\$ 50
Brookfield Renewable's subsidiaries	<u>670</u>	<u>668</u>
	<u>\$ 716</u>	<u>\$ 718</u>

Guarantees

In the normal course of operations, Brookfield Renewable and its subsidiaries execute agreements that provide for indemnification and guarantees to third-parties of transactions such as business dispositions, capital project purchases, business acquisitions, and sales and purchases of assets and services. Brookfield Renewable has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings prevents Brookfield Renewable from making a reasonable estimate of the maximum potential amount that Brookfield Renewable 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. Historically, neither Brookfield Renewable nor its subsidiaries have made material payments under such indemnification agreements.

30. RELATED PARTY TRANSACTIONS

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

Brookfield Renewable and Brookfield have entered into, or amended, the following material agreements:

Principal Agreements

Limited Partnership Agreements

Each of the amended and restated limited partnership agreements of Brookfield Renewable and BRELP outline the key terms of the partnerships, including provisions relating to management, protections for limited partners, capital contributions, distributions and allocation of income and losses. BRELP's general partner is entitled to receive incentive distributions from BRELP as a result of its ownership of the general partnership interest in BRELP. The incentive distributions are to be calculated in increments based on the amount by which quarterly distributions on the limited partnership units of BRELP exceed specified target levels as set forth in the amended and restated partnership agreement.

Master Services Agreement

Brookfield Renewable entered into an agreement with Brookfield Asset Management pursuant to which Brookfield Asset Management has agreed to provide oversight of the business and provide the services of senior officers to Brookfield Renewable for a management service fee. The fee is paid on a quarterly basis and has a fixed quarterly component of \$5 million 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). Total capitalization value as of December 31, 2020 is \$34 billion, which against the initial reference value of \$8 billion and factoring in the annual amount of \$23 million (as adjusted for inflation), resulted in a management service fee payment for the year ended December 31, 2020 of \$235 million (2019: \$135 million and 2018: \$94 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.

TERP Brookfield Master Services Agreement

TerraForm Power was party to a management agreement ("TERP Brookfield Master Services Agreement") with Brookfield and certain of its affiliates, dated as of October 16, 2017. Pursuant to the TERP Brookfield Master Services Agreement, 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 is a negative number, then the market capitalization value increase is deemed to be zero. TerraForm Power's management service costs have been included in Brookfield Renewable's consolidated statements of income (loss) based on its historical records.

The TERP Brookfield Master Services Agreement was terminated upon the completion of the TerraForm Power acquisition.

BRELP Voting Agreement

In 2011, Brookfield Renewable entered into a voting agreement with Brookfield pursuant to which Brookfield Renewable, through BRPL, has a number of voting rights, including the right to direct all eligible votes in the election of the directors of BRELP's general partner.

Governance Agreement

TerraForm Power was party to a governance agreement, referred to as the Governance Agreement, dated October 16, 2017 with Orion Holdings 1 L.P. ("Orion Holding"), a controlled subsidiary of Brookfield Asset Management, and any other 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 owned voting securities of TerraForm Power relating to the governance of TerraForm Power and the relationship between such affiliates of Brookfield Asset Management and TerraForm Power and its controlled affiliates.

On June 11, 2018, Orion Holdings, Brookfield BRP Holdings (Canada) Inc ("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 Holdco L.P. ("BBHC Orion"), a controlled subsidiary of Brookfield Asset Management, and TerraForm Power pursuant to which BBHC Orion became a party to the Governance Agreement.

The Governance Agreement was terminated upon the completion of the TerraForm Power acquisition.

Power Services Agreements

Energy Marketing Internalization

In 2018, Brookfield Renewable and Brookfield entered into an agreement (the "Power Marketing Purchase Agreement") to internalize all energy marketing capabilities in North America into Brookfield Renewable. The Power Marketing Purchase Agreement provides for the transfer of Brookfield's existing marketing business to Brookfield Renewable, which includes the marketing, purchasing and trading of energy and energy related products in North America, providing energy marketing services and all matters incidental thereto (the "Energy Marketing Internalization"). The Energy Marketing Internalization also included the transfer of all third party power purchase agreements and, subject to certain exceptions, related party power purchase and revenue support agreements as described in further detail below.

The Energy Marketing Internalization was completed during the third quarter of 2019. The Power Agency Agreements, Energy Marketing Agreement and certain revenue agreements discussed below were transferred by Brookfield to Brookfield Renewable in connection to the Energy Marketing Internalization.

Power Agency Agreements

Certain Brookfield Renewable subsidiaries entered into Power Agency Agreements appointing Brookfield as their exclusive agent in respect of the sale of electricity, including the procurement of transmission and other additional services. In addition, Brookfield 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, Brookfield 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 Brookfield to Brookfield Renewable.

Energy Marketing Agreement

Brookfield had agreed to provide energy marketing services to Brookfield Renewable's North American businesses. Under this Agreement, Brookfield Renewable paid an annual energy marketing fee of \$18 million per year (subject to increase by a specified inflation factor beginning on January 1, 2013). See Note 9 – Direct operating costs.

On closing of the Energy Marketing Internalization, the Energy Marketing Agreement was transferred from Brookfield to Brookfield Renewable.

Revenue Agreements

Contract Amendments

In 2018, two long-term power purchase agreements associated with the generating assets in Ontario held by Great Lakes Power Limited (“GLPL”) and Mississagi Power Trust (“MPT”), were amended.

The amended GLPL power purchase agreement requires Brookfield to purchase the energy generated by certain facilities in Canada owned by GLPL at an average price of C\$100 per MWh subject to an annual adjustment equal to a 3% fixed rate. The GLPL agreement has an initial term to 2029, and Brookfield Renewable will have an option to extend a fixed price commitment to GLPL from Brookfield through 2044 at a price of C\$60 per MWh.

The amended MPT power purchase agreement requires Brookfield to purchase the energy generated by certain facilities in Canada owned by MPT at an average price of C\$127 per MWh subject to an annual adjustment equal to a 3% fixed rate. The MPT contract terminates on December 1, 2029.

Energy Revenue Agreement

In 2018, the energy revenue agreement between Brookfield and several entities owned by Brookfield Renewable was effectively amended.

Brookfield will support the price that Brookfield Renewable receives for energy generated by certain facilities in the United States at a price \$75 per MWh. This price is to be increased annually on January 1 until 2021 by an amount equal to 40% of the increase in the CPI during the previous calendar year, but not exceeding an increase of 3% in any calendar year. The price will be reduced by \$3 per MWh per year from 2021 to 2025 and then further reduced by \$5.03 per MWh in 2026. The energy revenue agreement will terminate in 2046 and provides Brookfield the right to terminate the agreement in 2036.

Other Revenue Agreements

Pursuant to a 20-year power purchase agreement, Brookfield purchases all energy from several power facilities in Maine and New Hampshire held by Great Lakes Holding America (“GLHA”) at \$37 per MWh, subject to an annual adjustment equal to 20% of the increase in the CPI during the previous year. On closing of the Energy Marketing Internalization, the power purchase agreement with GLHA was transferred to Brookfield Renewable.

Pursuant to a 20-year power purchase agreement, Brookfield purchased all energy from Lievre Power in Quebec at C\$68 per MWh. The energy rates were subject to an annual adjustment equal to the lesser of 40% of the increase in the CPI during the previous calendar year or 3%. On closing of the Energy Marketing Internalization, the power purchase agreement with Lievre Power was transferred to Brookfield Renewable.

Pursuant to a power guarantee agreement, Brookfield purchased all energy from the two facilities of Hydro Pontiac Inc. at a price of C\$68 per MWh, increased annually each calendar year beginning in 2010 by an amount equal to 40% of the increase in the CPI during the previous calendar year. This power guarantee agreement was scheduled to commence in 2019 for one facility and in 2020 for the other, upon the expiration of existing third-party power agreements. The agreement with Brookfield had an initial term to 2029 and automatically renewed for a successive 20-year period with certain termination provisions. On closing of the Energy Marketing Internalization, the power guarantee agreement with Hydro Pontiac Inc. was transferred to Brookfield Renewable.

Pursuant to a 10-year Wind Levelization agreement that expired in February 2019, Brookfield mitigated any potential wind variation from the expected annual generation of 506 GWh with regards to the Prince Wind assets in Ontario. Any excess generation compared to the expected generation resulted in a payment from Brookfield Renewable to Brookfield, while a shortfall would result in a payment from Brookfield to Brookfield Renewable.

Voting Agreements

Brookfield Renewable entered into voting agreements with Brookfield whereby Brookfield, as managing member of entities related to the Brookfield Americas Infrastructure Fund (the “BAIF Entities”) in which Brookfield Renewable holds investments in power generating operations with institutional investors, agreed to assign to Brookfield Renewable their voting rights to elect the Boards of Directors of the BAIF Entities. Brookfield Renewable’s economic interests in the BAIF Entities in the United States and Brazil are 22% and 25%, respectively.

Brookfield Renewable entered into voting agreements with certain Brookfield subsidiaries whereby these subsidiaries, as managing members of entities related to Brookfield Infrastructure Fund II (the “BIF II Entities”) in which Brookfield Renewable holds investments in power generating operations with institutional investors, agreed to provide to Brookfield Renewable the authority to direct the election of the Boards of Directors of the BIF II Entities. Brookfield Renewable’s economic interests in the BIF II Entities are between 40% and 50.1%.

Except as set out below in respect to TerraForm Power and Isagen, Brookfield Renewable entered into voting agreements with certain Brookfield subsidiaries as managing members of entities related to Brookfield Infrastructure Fund III (the “BIF III Entities”) in which Brookfield Renewable holds investments in power generating operations with institutional investors, Brookfield agreed to provide to Brookfield Renewable the authority to direct the election of the Boards of Directors of the BIF III Entities. Brookfield Renewable’s economic interests in the BIF III Entities are between 24% and 31%.

Brookfield Renewable holds its interest in its Colombian operations as part of a consortium. The consortium in turn holds its interest in Isagen through an entity (“Hydro Holdings”) which is entitled to appoint a majority of the board of directors of Isagen. The general partner of Hydro Holdings is a controlled subsidiary of Brookfield Renewable. Brookfield Renewable is entitled to appoint a majority of Hydro Holdings’ board of directors, provided that Brookfield Asset Management and its subsidiaries (including Brookfield Renewable) collectively are (i) the largest holder of Hydro Holdings’ limited partnership interests, and (ii) hold over 30% of Hydro Holdings’ limited partnership interests (the “Ownership Test”). Brookfield Asset Management and its subsidiaries currently meet the Ownership Test.

Simultaneously with the completion of the TerraForm Power acquisition, Brookfield Renewable entered into voting agreements with a controlled affiliate of Brookfield to transfer the power to vote their respective shares held of TerraForm Power to Brookfield Renewable. As a result, Brookfield Renewable controls and consolidates TerraForm Power.

Brookfield Renewable entered into voting agreements with certain Brookfield subsidiaries whereby these subsidiaries, as managing members of entities related to Brookfield Infrastructure Fund IV (the “BIF IV Entities”) in which Brookfield Renewable holds investments in power generating operations with institutional investors, agreed to provide to Brookfield Renewable the authority to direct the election of the Boards of Directors of the BIF IV Entities. Brookfield Renewable’s economic interests in the BIF IV Entities is 25%.

Other Agreements

Sponsor Line Agreement

TerraForm Power entered into the Sponsor Line with Brookfield Asset Management and one of its affiliates (the “Lenders”) on October 16, 2017. The Sponsor Line establishes a \$500 million secured revolving credit facility and provides for the Lenders to commit to making LIBOR loans to Brookfield Renewable during a period not to exceed three years from the effective date of the Sponsor Line (subject to acceleration for certain specified events). TerraForm Power 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, Brookfield Renewable is required to pay a standby fee of 0.5% per annum in respect of the unutilized commitments thereunder, payable quarterly in arrears.

TerraForm Power is 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, TerraForm Power may be required to prepay amounts outstanding under the Sponsor Line.

During the year ended December 31, 2018, TerraForm Power made two draws on the Sponsor Line totaling \$86 million that were used to fund part of the purchase price of the acquisition of Saeta and repaid such amounts in full. As of December 31, 2019, and December 31, 2018, respectively, there were no amounts drawn under the Sponsor Line.

The sponsor line was terminated upon the completion of the TerraForm Power acquisition.

TERP Relationship Agreement

TerraForm Power entered into a relationship agreement, referred to as the TERP Relationship Agreement, dated October 16, 2017 with Brookfield Asset Management, which governed certain aspects of the relationship between Brookfield Asset Management and TerraForm Power. Pursuant to the TERP Relationship Agreement, Brookfield Asset Management agreed that TerraForm Power will serve as the primary vehicle through which Brookfield Asset Management and certain of its affiliates will own operating wind and solar assets in North America and Western Europe and that Brookfield Asset Management 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 Brookfield Asset Management. 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 Brookfield Asset Management during the years ended December 31, 2020, 2019, and 2018. TERP Relationship Agreement was terminated upon the completion of the TerraForm Power acquisition.

TERP Registration Rights Agreement

TerraForm Power 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 Brookfield Asset Management and its affiliates, on the other hand, with respect to the registration for resale of all or a part of the TERP common stock held by Brookfield Asset Management 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.

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 TERP common stock and a second distribution threshold of \$1.05 per share of TERP common stock. As a result of the New Terra LLC Agreement, amounts distributed from TerraForm Power, LLC were to be 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 TERP common stock of \$0.93 per share (subject to further adjustment for distributions, combinations or subdivisions of shares of TERP common stock) if such amount were distributed to all holders of shares of TERP 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 TERP common stock of an additional \$0.12 per share (subject to further adjustment for distributions, combinations or subdivisions of shares of TERP common stock) if such amount were distributed to all holders of shares of TERP 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 years ended December 31, 2019, 2018 and 2017.

The New Terra LLC Agreement was amended upon the completion of the TERP acquisition to remove TerraForm Power, LLC's obligations to make IDR payments.

Credit facilities and funds on deposit

Brookfield Asset Management has provided a \$400 million committed unsecured revolving credit facility maturing in December 2021 and the interest rate applicable on the borrowed amounts is LIBOR plus up to 1.8%. As at December 31, 2020, there were no draws on the committed unsecured revolving credit facility provided by Brookfield Asset Management. Brookfield Asset Management had also placed funds on deposit with Brookfield Renewable in the amounts of \$325 million in December 2020 (2019: \$600 million which was fully paid back in full prior to December 31, 2019 including any interest that had been accrued). The interest expense on the deposit and draws from the credit facility for the year ended December 31, 2020 totaled less than \$1 million (2019: \$6 million).

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

Other Agreements

In 2011, on formation of Brookfield Renewable, Brookfield transferred certain development projects to Brookfield Renewable for no upfront consideration but is entitled to receive variable consideration on commercial operation or sale of these projects.

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

(MILLIONS)	2020	2019	2018
Revenues			
Power purchase and revenue agreements.....	\$ 286	\$ 558	\$ 534
Wind levelization agreement.....	—	1	7
	\$ 286	\$ 559	\$ 541
Direct operating costs			
Energy purchases.....	\$ —	\$ (22)	\$ (20)
Energy marketing & other services.....	(4)	(20)	(24)
Insurance services ⁽¹⁾	(24)	(23)	(25)
	\$ (28)	\$ (65)	\$ (69)
Interest expense			
Borrowings.....	\$ (2)	\$ (7)	\$ (13)
Contract balance accretion.....	(13)	(8)	—
	\$ (15)	\$ (15)	\$ (13)
Management service costs.....	\$ (235)	\$ (135)	\$ (94)

⁽¹⁾ Insurance services were paid to a subsidiary of Brookfield Asset Management that brokers external insurance providers on behalf of Brookfield Renewable. The fees paid to the subsidiary of Brookfield Asset Management for the year ended December 31, 2020 were nil (2019: \$1 million and 2018: less than \$1 million). Beginning in 2020, insurance services are paid for directly to external insurance providers.

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	2020	2019
Trade receivables and other current assets			
Contract asset	Brookfield.....	\$ 46	\$ 51
Due from related parties			
Amounts due from	Brookfield.....	36	48
	Equity-accounted investments and other.....	20	12
		\$ 56	\$ 60
Other long-term assets			
Contract asset	Brookfield.....	\$ 409	\$ 422
Due to related parties			
Amounts due to	Brookfield.....	\$ 455	\$ 93
	Equity-accounted investments and other.....	21	10
Accrued distributions payable on LP units, BEPC exchangeable shares, Redeemable/Exchangeable partnership units and GP interest	Brookfield.....	30	36
		\$ 506	\$ 139
Other long-term liabilities			
Amounts due to	Equity-accounted investments and other.....	\$ 11	\$ 7
Contract liability	Brookfield.....	602	562
		\$ 613	\$ 569

Current assets

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

Current liabilities

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

31. 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)	<u>2020</u>	<u>2019</u>	<u>2018</u>
Trade receivables and other current assets	\$ (2)	\$ (66)	\$ (122)
Accounts payable and accrued liabilities	(91)	17	(18)
Other assets and liabilities	(62)	(4)	46
	<u>\$ (155)</u>	<u>\$ (53)</u>	<u>\$ (94)</u>

32. SUBSIDIARY PUBLIC ISSUERS

The following tables provide consolidated summary financial information for Brookfield Renewable, BRP Equity, and Finco:

(MILLIONS)	Brookfield Renewable ⁽¹⁾	BRP Equity	Finco	Subsidiary Credit Supporters ⁽²⁾	Other Subsidiaries ⁽¹⁾⁽³⁾	Consolidating adjustments ⁽⁴⁾	Brookfield Renewable consolidated
As at December 31, 2020:							
Current assets	\$ 44	\$ 416	\$ 2,173	\$ 568	\$ 1,770	\$ (3,229)	\$ 1,742
Long-term assets	4,879	256	6	31,329	47,886	(36,376)	47,980
Current liabilities	39	7	39	6,535	2,391	(6,135)	2,876
Long-term liabilities	—	—	2,132	214	22,736	(3)	25,079
Participating non-controlling interests – in operating subsidiaries	—	—	—	—	11,100	—	11,100
Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield	—	—	—	2,721	—	—	2,721
Class A shares of BEPC	—	—	—	—	2,408	—	2,408
Preferred equity	—	609	—	—	—	—	609
Preferred limited partners' equity	1,028	—	—	1,039	—	(1,039)	1,028
As at December 31, 2019:							
Current assets.....	\$ 32	\$ 408	\$ 1,832	\$ 133	\$ 3,776	\$ (4,161)	\$ 2,020
Long-term assets.....	5,428	251	2	25,068	44,459	(31,032)	44,176
Current liabilities.....	40	7	24	3,918	2,597	(4,163)	2,423
Long-term liabilities.....	—	—	1,801	300	21,851	(659)	23,293
Participating non-controlling interests – in operating subsidiaries.....	—	—	—	—	11,086	—	11,086
Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield.....	—	—	—	3,317	—	—	3,317
Preferred equity.....	—	597	—	—	—	—	597
Preferred limited partners' equity.....	833	—	—	844	—	(844)	833

⁽¹⁾ Includes investments in subsidiaries under the equity method.

⁽²⁾ Includes BRELP, BRP Bermuda Holdings I Limited, Brookfield BRP Holdings (Canada) Inc., Brookfield BRP Europe Holdings Limited, Brookfield Renewable Investments and BEP Subco Inc., collectively the "Subsidiary Credit Supporters".

⁽³⁾ Includes subsidiaries of Brookfield Renewable, other than BRP Equity, Finco and the Subsidiary Credit Supporters.

⁽⁴⁾ Includes elimination of intercompany transactions and balances necessary to present Brookfield Renewable on a consolidated basis.

(MILLIONS)	Brookfield Renewable ⁽¹⁾	BRP Equity	Finco	Subsidiary Credit Supporters	Other Subsidiaries ⁽¹⁾⁽²⁾	Consolidating adjustments ⁽³⁾	Brookfield Renewable consolidated
For the year ended December 31, 2020							
Revenues	\$ —	\$ —	\$ —	\$ —	\$ 3,810	\$ —	\$ 3,810
Net income (loss)	(130)	—	(10)	(772)	1,173	(306)	(45)
For the year ended December 31, 2019							
Revenues.....	\$ —	\$ —	\$ —	\$ 2	\$ 3,970	\$ (1)	\$ 3,971
Net income (loss).....	10	—	(4)	(156)	1,997	(1,767)	80
For the year ended December 31, 2018							
Revenues.....	\$ —	\$ —	\$ —	\$ —	\$ 3,798	\$ (1)	\$ 3,797
Net income (loss).....	62	7	(1)	(25)	1,485	(945)	583

⁽¹⁾ Includes investments in subsidiaries under the equity method.

⁽²⁾ Includes subsidiaries of Brookfield Renewable, other than BRP Equity, Finco, and the Subsidiary Credit Supporters.

⁽³⁾ Includes elimination of intercompany transactions and balances necessary to present Brookfield Renewable on a consolidated basis.

See Note 15 – Borrowings for additional details regarding the medium term notes issued by Finco. See Note 16 – Non-controlling interests for additional details regarding Class A Preference Shares issued by BRP Equity.

BROOKFIELD RENEWABLE PARTNERS L.P.

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