TerraForm POWER

December 2019

Corporate Profile

NASDAQ: TERP

Cautionary Statement Regarding Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks, and uncertainties and typically include words or variations of words such as “expect,” “anticipate,” “believe,” “intend,” “plan,” “seek,” “estimate,” “predict,” “project,” “opportunities,” “goal,” “guidance,” “outlook,” “initiatives,” “objective,” “forecast,” “target,” “potential,” “continue,” “would,” “will,” “should,” “could,” or “may” or other comparable terms and phrases. All statements that address operating performance, events, or developments that the Company expects or anticipates will occur in the future are forward-looking statements. They may include estimates of expected cash available for distribution, distribution growth, CAFD accretion, earnings, revenues, income, loss, capital expenditures, liquidity, capital structure, margin enhancements, cost savings, future growth, financing arrangements and other financial performance items (including future distributions per share), descriptions of management’s plans or objectives for future operations, products, or services, or descriptions of assumptions underlying any of the above. Forward-looking statements provide the Company’s current expectations or predictions of future conditions, events, or results and speak only as of the date they are made. Although the Company believes its expectations and assumptions are reasonable, it can give no assurance that these expectations and assumptions will prove to have been correct and actual results may vary materially.

Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are listed below and further disclosed under the section entitled Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2018 and in our subsequent Quarterly Reports on Form 10-Q: risks related to weather conditions at our wind and solar assets; our ability to enter into contracts to sell power on acceptable prices and terms, including as our offtake agreements expire; government regulation, including compliance with regulatory and permit requirements and changes in tax laws, market rules, rates, tariffs, environmental laws and policies affecting renewable energy; our ability to compete against traditional utilities and renewable energy companies; pending and future litigation; our ability to successfully close the acquisitions of, and integrate the projects that we expect to acquire from, third parties, including our ability to successfully integrate our recently acquired portfolio of solar distributed generation assets; our ability to successfully achieve expected synergies and to successfully execute on the funding plan for our recently acquired portfolio of solar distributed generation assets, including our ability to successfully close any contemplated capital recycling initiatives; our ability to realize the anticipated benefits from acquisitions; our ability to close, implement and realize the benefit of our cost and performance enhancement initiatives, including long-term service agreements and our ability to realize the anticipated benefits from such initiatives; the willingness and ability of counterparties to fulfill their obligations under offtake agreements; price fluctuations, termination provisions and buyout provisions in offtake agreements; risks related to the ability of our hedging activities to adequately manage our exposure to commodity and financial risk; risks related to our operations being located internationally, including our exposure to foreign currency exchange rate fluctuations and political and economic uncertainties; the regulated rate of return of renewable energy facilities in our Regulated Wind and Solar segment, a reduction of which could have a material negative impact on our results of operations; the condition of the debt and equity capital markets and our ability to borrow additional funds and access capital markets, as well as our substantial indebtedness and the possibility that we may incur additional indebtedness in the future; operating and financial restrictions placed on us and our subsidiaries related to agreements governing indebtedness; our ability to identify or consummate any future acquisitions, including those identified by Brookfield Asset Management Inc.; our ability to grow and make acquisitions with cash on hand, which may be limited by our cash distribution policy; risks related to our ability to maintain or grow distributions or meet our target distribution payout ratio; risks related to the effectiveness of our internal control over financial reporting; and risks related to our relationship with Brookfield, including our ability to realize the expected benefits of sponsorship.

The Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data, or methods, future events, or other changes, except as required by law. The foregoing list of factors that might cause results to differ materially from those contemplated in the forward-looking statements should be considered in connection with information regarding risks and uncertainties, which are described in our Annual Report on Form 10-K for the year ended December 31, 2018 and in subsequent Quarterly Reports on Form 10-Q, as well as additional factors we may describe from time to time in our other filings with the Securities and Exchange Commission (the “SEC”). We operate in a competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and you should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.


TerraForm POWER
We are an integrated renewable power company that seeks to provide an attractive and sustainable total return to our investors

Overview of TerraForm Power

TerraForm Power's ("TERP") mandate is to acquire, own and operate wind and solar assets in North America and Western Europe

~$3.5 Billion[1]
Market Capitalization

TERP
NASDAQ

~5.3% Yield[2]
$0.8056 Target 2019 per Share Distribution

~61.5%[3]
Brookfield Ownership

Significant NOLs[4]
Tax Advantaged Structure (C Corp)

$9 billion
Total Power Assets[5]

4,066 MW
of Capacity[6]

59% / 41%
Wind / Solar Capacity[7]

45% / 55%
Wind / Solar Projected Revenue[8]

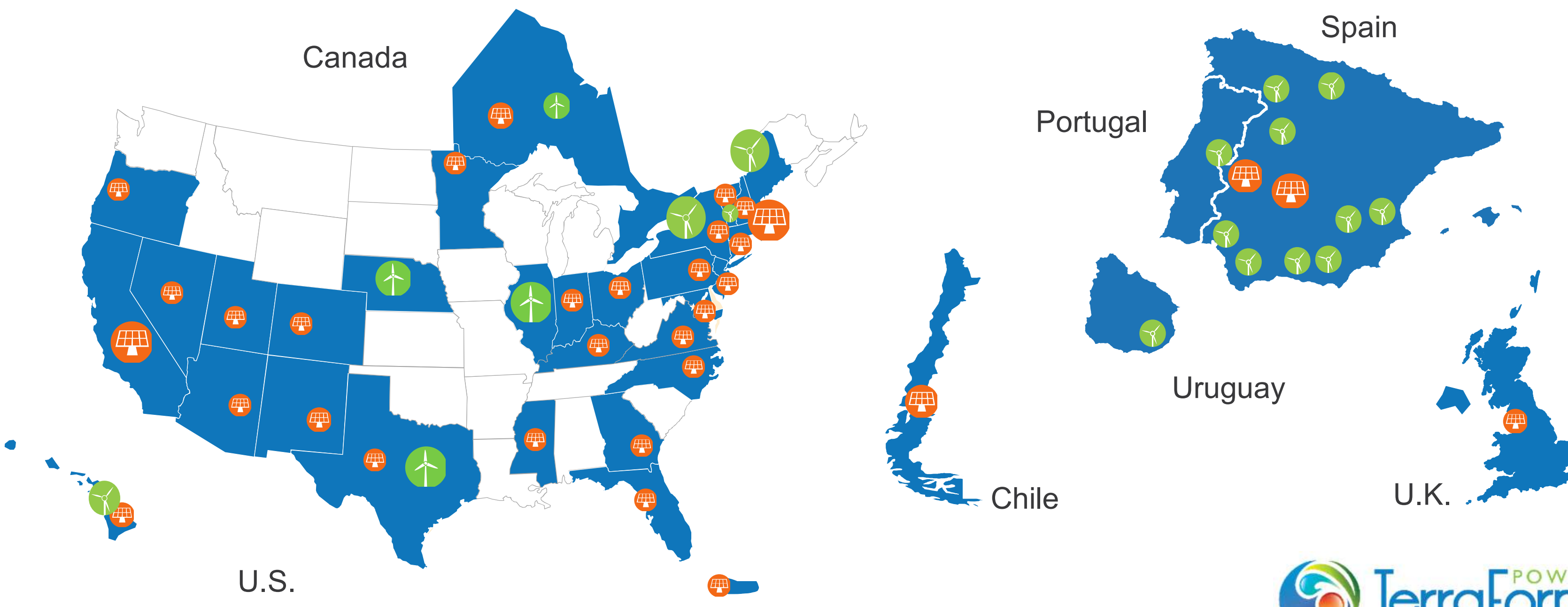
1. Based on the closing price of TERP's Class A common stock of $15.34 per share December 10, 2019
2. Based on 2019 annualized target distribution of $0.8056 per share and the closing price of TERP's Class A common stock of $15.34 per share on December 10, 2019
3. As of October 8, 2019.
4. Net Operating Losses ("NOLs")
5. Includes the acquisition of a ~320 megawatt ("MW") distributed generation portfolio from subsidiaries of AltaGas Ltd. ("AltaGas DG Portfolio") in September 2019.
6. In this presentation, all information regarding MW capacity represents the maximum generating capacity of a facility as expressed in (1) direct current ("DC"), for all facilities within our Solar reportable segment, and (2) alternating current ("AC") for all facilities within our Wind and Regulated Solar and Wind reportable segments
7. Expressed as a percentage of total MW owned
8. Based on projected revenue for 2019, including AltaGas DG Portfolio annualized revenue

TerraForm POWER

Renewables Portfolio with Scale in North America and Western Europe

Owner and operator of an over 4,000 MW diversified portfolio of high-quality wind and solar assets, underpinned by long-term contracts

	Wind	Solar	Total
U.S.	1,536 MW	1,239 MW	**2,775 MW**
International	856 MW	435 MW	**1,291 MW**
Total	**2,392 MW**	**1,674 MW**	**4,066 MW**



Our Value Proposition

Our objective is to deliver an attractive and sustainable total annual return to our shareholders

Distribution yield supported by conservative target payout ratio of 80%-85% of CAFD	+	Target 5-8% annual DPS[1] increase	=	Sustainable total return in the low teens

1. Distribution per share ("DPS").

Simple Strategy to Create Shareholder Value

1

Invest on a value basis in target markets of North America and Western Europe

2

Enhance the value of our existing assets by:

- Reducing costs
- Increasing revenue
- Investing in organic growth

3

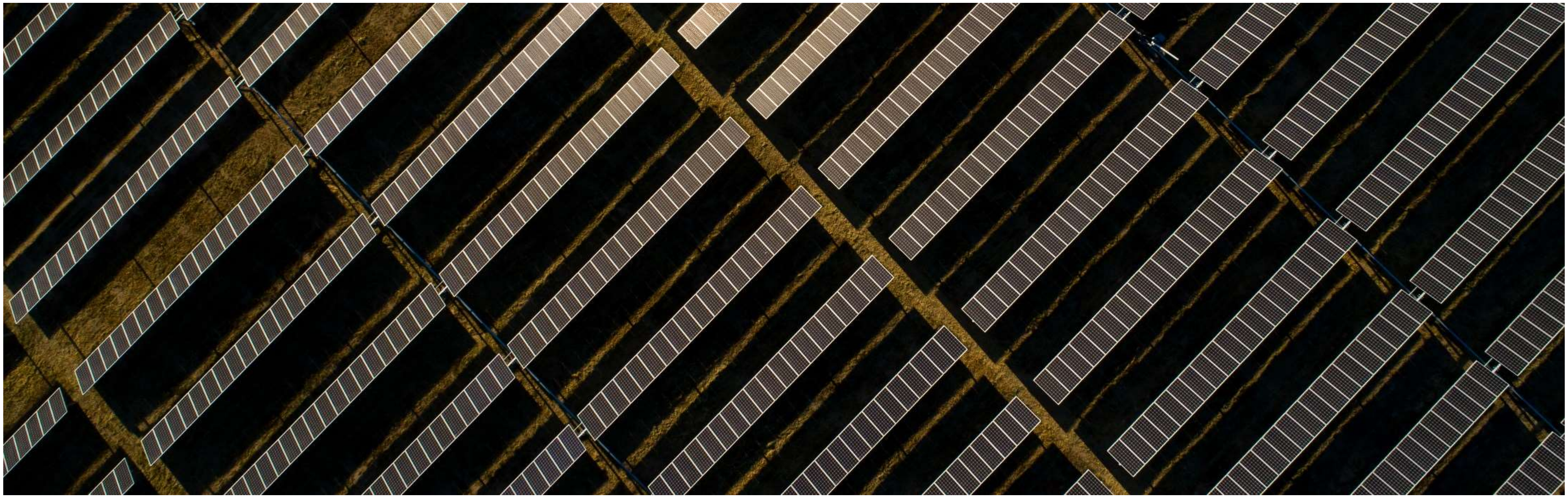
Strengthen our balance sheet to lower cost of capital and increase capital markets flexibility

Track Record of Execution

Since Brookfield became our sponsor in October 2017, TerraForm Power has made significant progress in executing its strategy to enhance shareholder value

1	**Invest on a value basis** **Saeta and AltaGas DG Acquisitions**	• Our 2018 Saeta acquisition - Increased asset base by 40% and was highly accretive to shareholders - Expected to exceed TERP's target return on equity of 9%-11% - Established scale European platform • Our 2019 AltaGas DG Portfolio acquisition adds approximately 320 MW to the DG portfolio, bringing the total to ~750 MW and making TERP one of the largest distributed generation businesses in the United States
2	**Build best-in-class platform** **Margin Enhancement Initiatives**	• Executed Long Term Service Agreements for our North American and European wind portfolios, expected to yield ~$24 million in annual cost savings and provide production guarantees • Implemented solar performance improvement plan, which is expected to generate $8 million of increased annual revenue compared to 2018 baseline • Advancing ~200 MW of repowering initiatives with target COD for two out of three projects in 2021 • Signed a 10-year outsourcing Framework Agreement with SMA Solar Technology for our North American solar fleet that, once implemented, will mirror the full-wrap, fixed price structure on our wind fleet, and expected to yield ~$5 million in annual cost savings
3	**Strengthen balance sheet** **Corporate Debt Refinancings**	• Over last two years, we executed ~$2.5B of corporate financings, extending maturities and locking in significant savings • Achieved credit rating upgrades to BB- / Ba3 • Completed a ~$300 million equity issuance in October 2019 • ~$1.2B of available corporate liquidity to fund growth as of October 8, 2019

TerraForm POWER



Strong Foundation for Growth

Margin Enhancement Initiatives: Completed & In Progress

Over the past two years, TerraForm Power has made significant progress in reducing operating costs and enhancing revenue from our fleet

1 **Selected New O&M Providers for North American Wind & Solar Fleets**

- Signed LTSAs with GE to provide turbine O&M and balance of plant services for 1.6 GW North American wind fleet which are expected to yield **$15M** in incremental annual revenue and reduce annual O&M expenses by **$20M** compared to 2018 baseline[2]
- Signed a Framework Agreement with SMA Solar Technology to provide O&M services for our North American solar platform which is expected to reduce costs by **$5M** per year compared to 2018 baseline

2 **Selected New O&M providers for European Wind**

- Executed LTSAs with Vestas, GE and Siemens Gamesa to replace the legacy O&M operator for our European wind fleet. These initiatives are expected to produce **$4M** in annual savings compared to 2018 baseline

3 **Completed North American solar performance improvement plan to remediate production deficiencies**

- Expected to generate **$8M** of incremental annual revenue compared to 2018 baseline

4 **In progress: Implementing turbine optimization technology (i.e., GE Power Up) across Wind Fleet**

- Studies are currently being completed. Upon full implementation, expected to generate up to **$2M** of incremental annual revenue compared to 2018 baseline

These initiatives, along with normalization of curtailment and resource ($28M impact), are expected to generate $82M of incremental Adjusted EBITDA versus 2018 baseline

1. Long-term average ("LTA").
2. As of September 30, 2019, 15 of 16 project-level LTSAs were in place.

Wind Repowering Opportunities

Targeting three repowering projects, two of which are at advanced stages and targeting commercial operation in 2021, including access to PTC[1] safe-harbored turbines

Repowering Investment Thesis

1. **Repowering Value:** Projects can be repowered at an estimated ~40% discount to new-build wind farms
2. **Mitigation of Operational Risk:** Repowering mitigates risks related to serial defects in Clipper equipment
3. **Cost Management:** By replacing Clipper equipment we will be able to execute a full-wrap LTSA with GE under similar terms as the rest of the fleet including production guarantees
4. **Enhanced Generation:** New turbines with larger rotor diameter expected to generate 25%-30% more energy
5. **PTC Timing:** Completion of repowerings by target COD dates would allow TERP to utilize PTC safe-harbored turbines and balance of plant
6. **Accretive Returns:** Indicative returns in the low to mid-teens assuming current wholesale prices and existing incentives; if state of NY provides additional incentives for repowering and/or we are able to obtain premium pricing for renewable power, our returns could be enhanced

	Cohocton	Steel Winds	Kahuku
Location	Steuben County, NY	Erie County, NY	Oahu, HI
Existing Capacity	125 MW	35 MW	30 MW
Turbines	50 Clipper 2.5 MW	14 Clipper 2.5 MW	12 Clipper 2.5 MW
Initial COD	2009	2007	2011
Expected Capital Cost	~$115M	~$35M	~$60M
Expected Equity	~$43M	~$11M	~$15M
Expected Annual Incremental Generation	~77 GWh	~19 GWh	~25 GWh
Target Repowered COD	2021	2021	2022

1. Production Tax Credit ("PTC").

Our Growth Strategy

Opportunistic Acquisitions

- Concentrated Solar Power ("CSP") add-on acquisition in Europe (~100 MW) – ***Expected to close in 1Q 2020***
- Robust pipeline of opportunities to drive further growth including approximately 50 MW in additional solar plants in Spain

Organic Growth Initiatives

- Repowerings in New York and Hawaii
- Non-Controlling Interests ("NCI") buyouts
- Right of First Offer ("ROFO") and call right acquisitions[1]

TerraForm Power is well positioned to execute on its business plan through 2022 via organic growth as well as third-party opportunistic acquisitions

1. ROFO in respect of operating renewable power assets in North America and Western Europe controlled by Brookfield. TERP has a call right with respect to over 500 MW of operating wind power plants that are owned by a warehouse vehicle that was previously owned and arranged by SunEdison, Inc. ("SunEdison"). SunEdison sold its equity interest in the warehouse to an unaffiliated third party in 2017.

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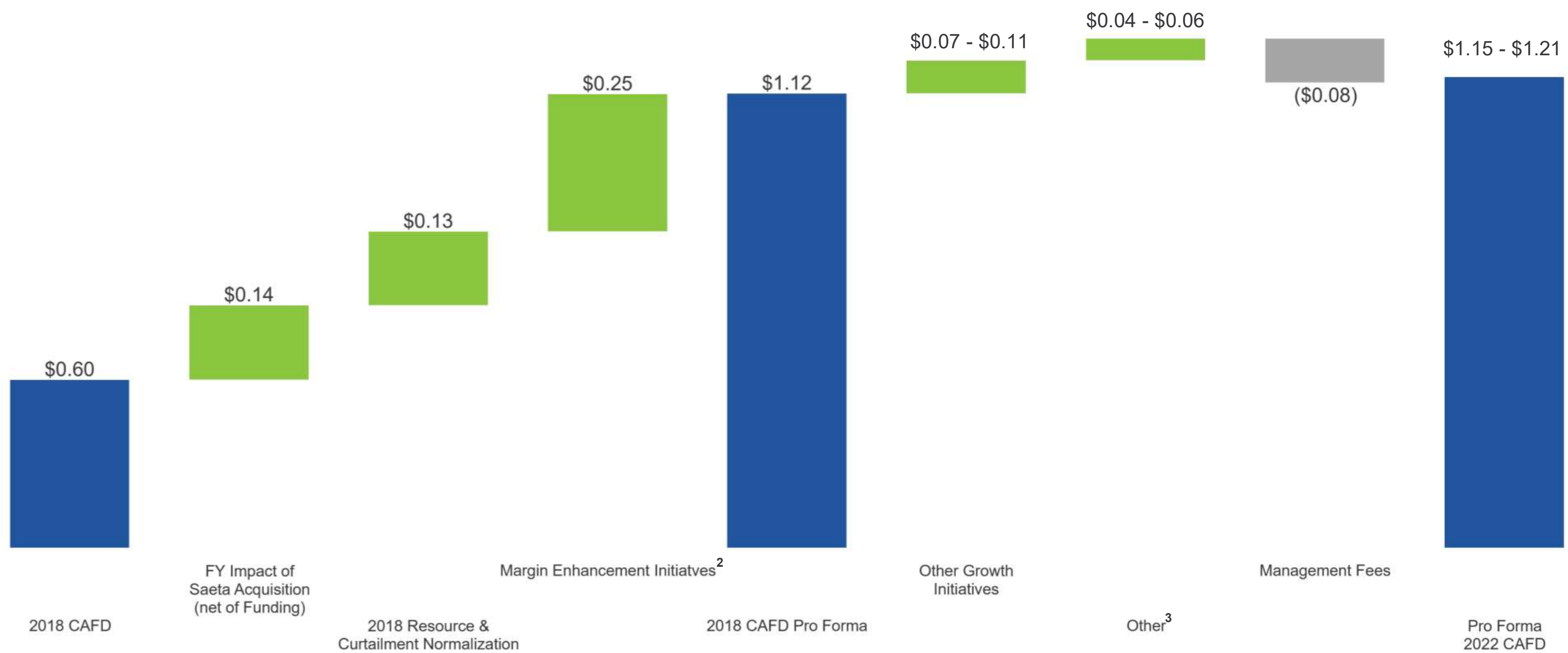
Potential CAFD per Share[1] Growth Supports 5-8% Distribution Growth

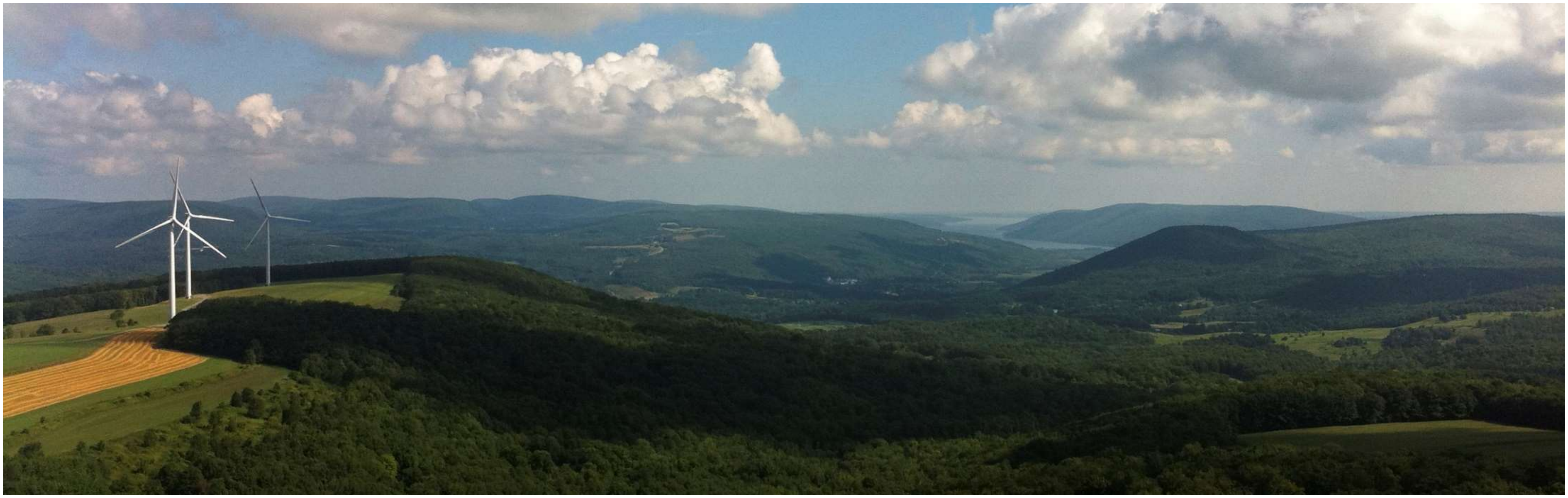
Target distribution growth of 5-8% per annum with target payout ratio of 80-85%

› Opportunistic acquisitions originated by Brookfield would be upside to this plan



1. CAFD bridge is based on our 2018 projections and excludes 2019 acquisitions and equity issuances. Per share calculation is based on 209.1 million shares outstanding on December 31st 2018.
2. Includes Power up initiatives not yet completed and representing approximately $0.01 per share.
3. Represents other changes primarily due to the debt service profile of non-recourse debt, cash distributions to non-controlling interests, solar incentive revenue, and the impact of the Spanish regulated rate reset.

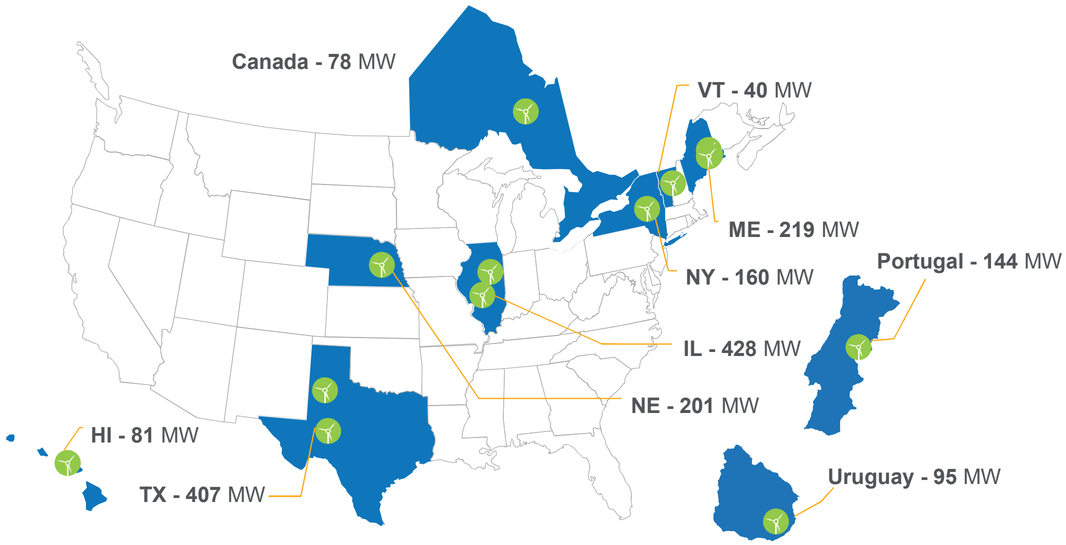
TerraForm POWER



Profile of Operations

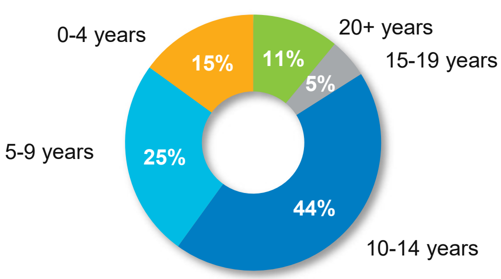
1. Utility Wind
2. Utility Solar
3. Distributed Generation
4. Regulated Wind and Solar

1. Utility Wind



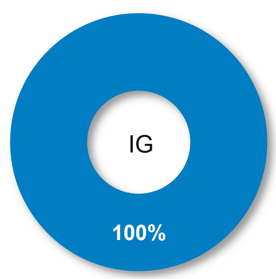
Remaining PPA Life[1]

Average 11 years



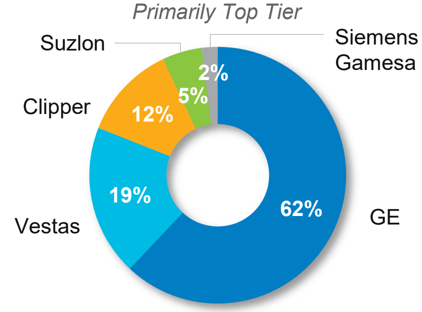
Offtaker Credit Rating[1]

Investment Grade



Turbine Supplier[1]

Primarily Top Tier



Summary Statistics

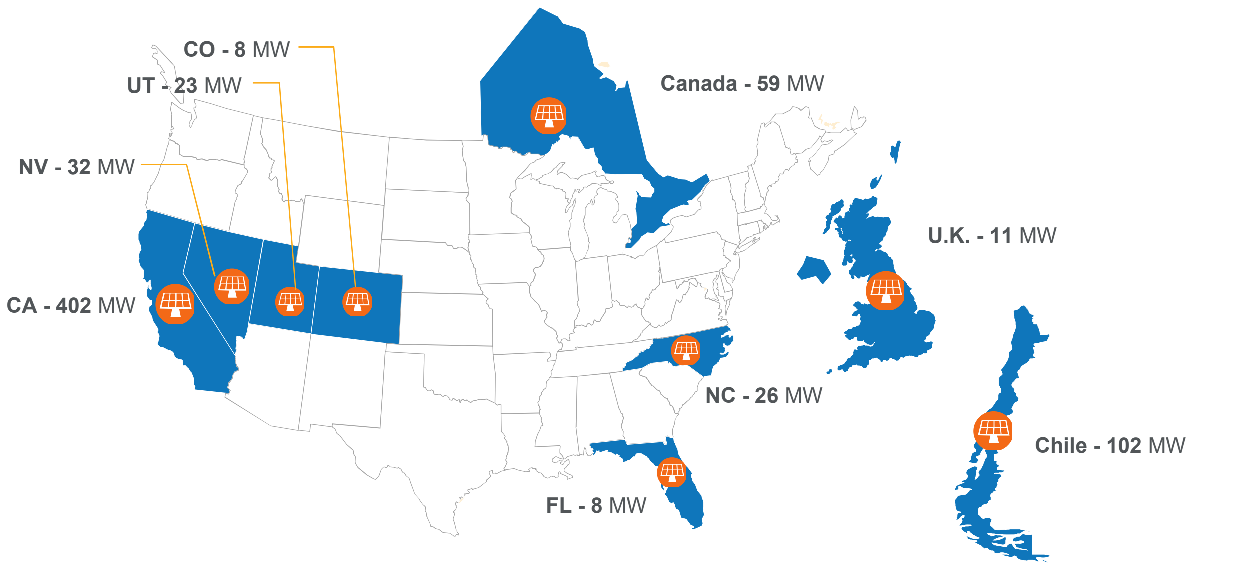
1,853
MW

46%
of Total MW

29
Sites

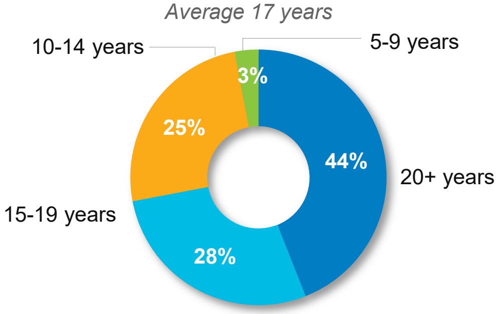
1. Remaining PPA Life, Offtaker Credit Rating, and Turbine Supplier are MW-weighted. Offtaker Credit Rating indicates "IG" if rated as Investment Grade by either Moody's or S&P, "NR" if not rated by both S&P and Moody's, "< IG" if the former cases are not applicable and rated less than Investment Grade by either Moody's or S&P. Remaining PPA Life and Offtaker Credit Rating data are as of September 30, 2019.

2. Utility Solar

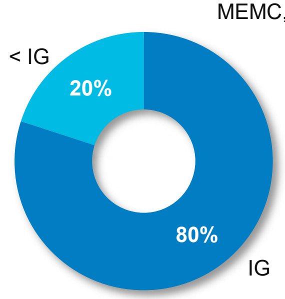


Remaining PPA Life[1]

Average 17 years

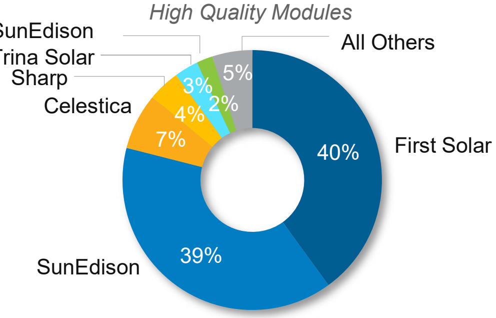


Offtaker Credit Rating[1]



Module Supplier[1]

High Quality Modules



Summary Statistics

671

MW

17%

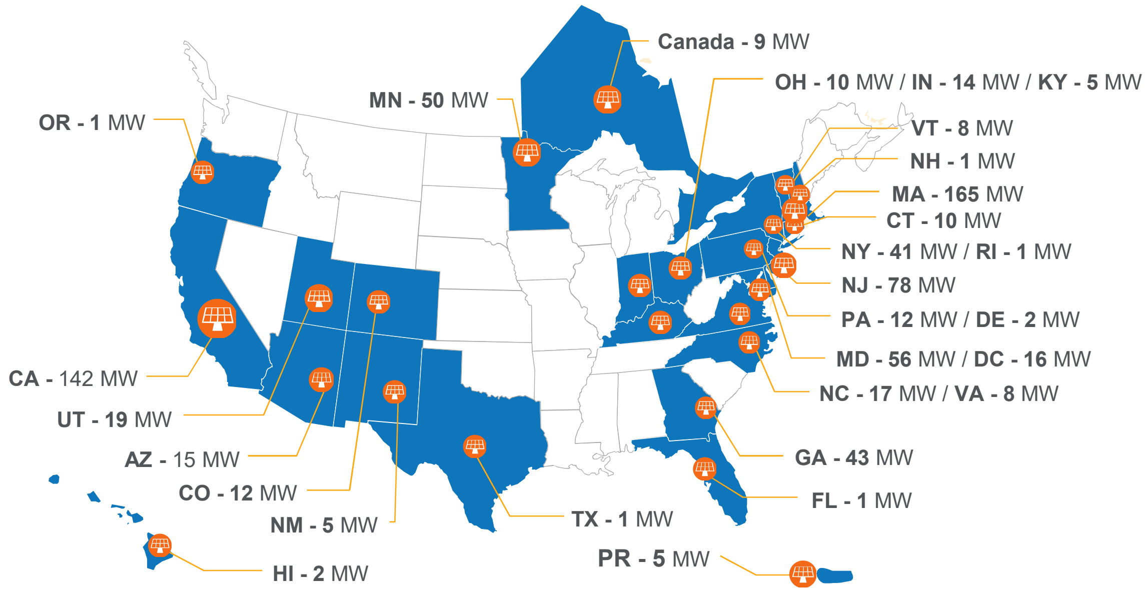
of Total MW

26

Sites

1. Remaining PPA Life, Offtaker Credit Rating, and Module Supplier are MW-weighted. Offtaker Credit Rating indicates “IG” if rated as Investment Grade by either Moody's or S&P, "NR" if not rated by both S&P and Moody's, “< IG” if the former cases are not applicable and rated less than Investment Grade by either Moody's or S&P. Remaining PPA Life and Offtaker Credit Rating data are as of September 30, 2019.

3. Distributed Generation



Summary Statistics

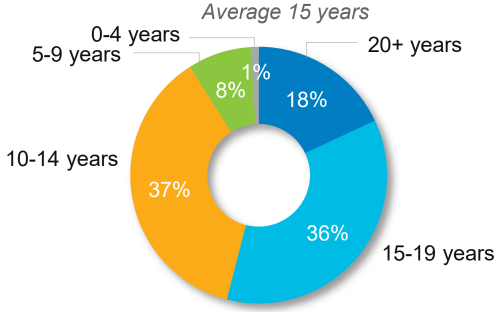
749 MW[2]

18% of Total MW

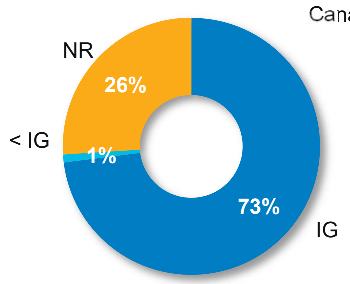
782 DG Sites
+ 4,068 residential solar sites
+ 9 fuel cell sites

Remaining PPA Life[1]

Average 15 years

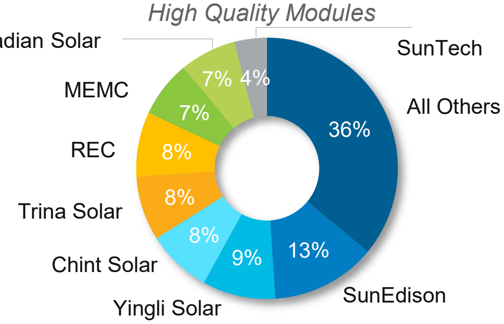


Offtaker Credit Rating[1]



Module Supplier[1]

High Quality Modules



1. Remaining PPA Life, Offtaker Credit Rating, and Module Supplier are MW-weighted. Offtaker Credit Rating indicates "IG" if rated as Investment Grade by either Moody's or S&P, "NR" if not rated by both S&P and Moody's, "< IG" if the former cases are not applicable and rated less than Investment Grade by either Moody's or S&P. Remaining PPA Life and Offtaker Credit Rating data are as of September 30, 2019.
2. Includes 21 MW of residential solar sites and 10 MW of fuel cells.

4. Regulated Wind and Solar

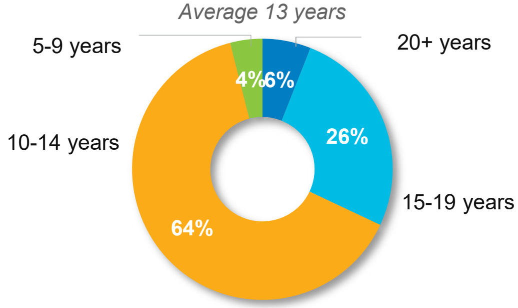
Summary Statistics

793
MW

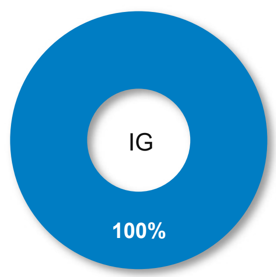
19%
of Total MW

24
Sites

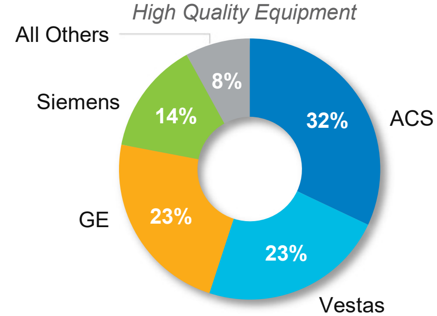
Remaining PPA Life[1]
Average 13 years



Offtaker Credit Rating[1]
Investment Grade



Equipment Supplier[1]
High Quality Equipment



1. Remaining PPA Life, Offtaker Credit Rating, and Equipment Supplier are MW-weighted. Offtaker Credit Rating indicates “IG” if rated as Investment Grade by either Moody’s or S&P, "NR" if not rated by both S&P and Moody's, “< IG” if the former cases are not applicable and rated less than Investment Grade by either Moody’s or S&P. Remaining PPA Life and Offtaker Credit Rating are as of September 30, 2019.

TerraForm Power

Investment Highlights

1. Brookfield as Sponsor
2. High Quality Assets
3. Prudent Financing Strategy
4. Robust Balance Sheet

1. Brookfield as Sponsor – Seasoned Acquirer with Strong Track Record

Significant deal sourcing capabilities[1]

- $500 billion of assets under management
- 120 years of experience in power generation
- $3.6 billion of equity deployed to acquire 13 GW over last seven years
- Significant deal sourcing capabilities

5,253
Power Generating Facilities

25
Markets including North America & Western Europe

15
Countries

$50 billion
Total Renewable Power Assets

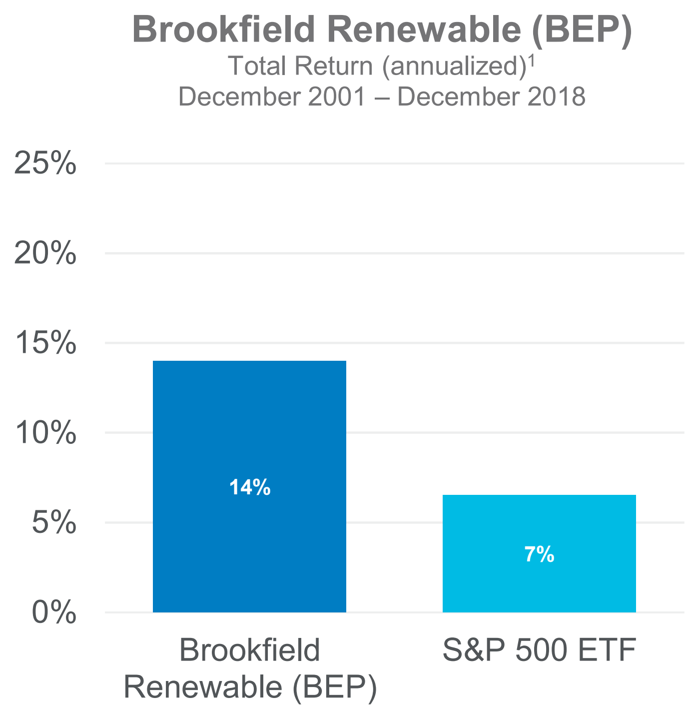
18,000 MW
of Capacity

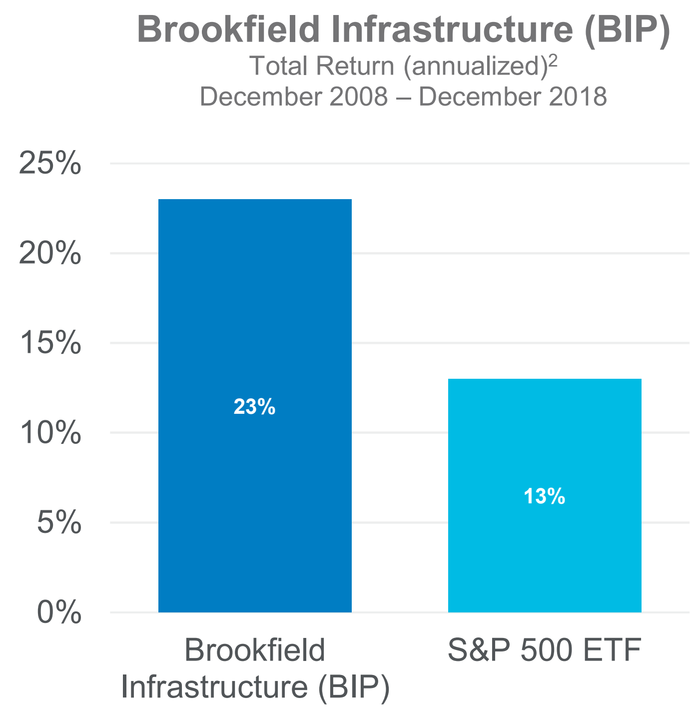
9,400 MW
of Wind & Solar (Operating and Development)

1. Figures shown on this page reflect assets owned by Brookfield including TERP assets.

1. Brookfield as Sponsor - Proven Track Record as Cornerstone Investor

Brookfield has a proven track record as cornerstone investor aligned with other stakeholders' interests

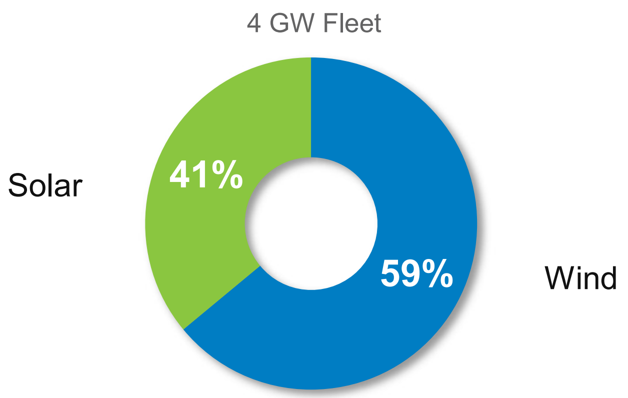


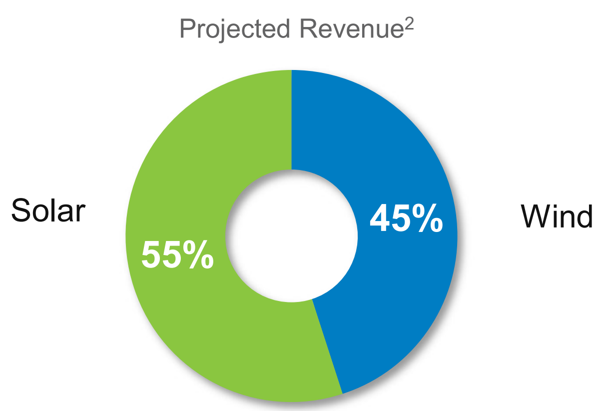


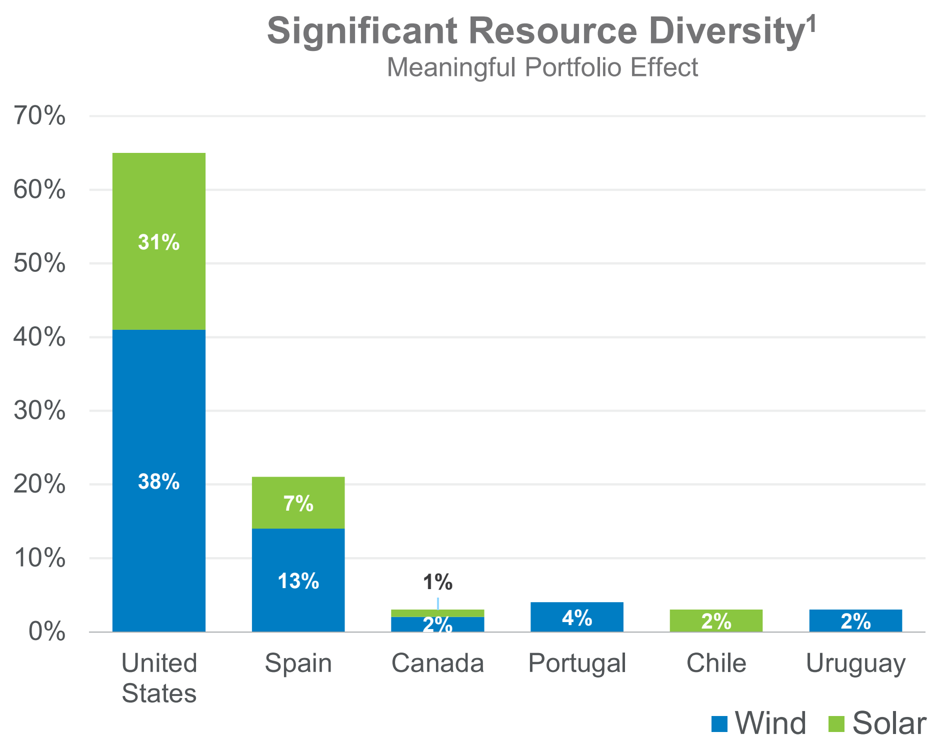
Source: Bloomberg. Annualized total return includes distribution reinvestment.
1. Reflects annualized total return of BEP (NYSE) from December 31, 2001 – December 31, 2018.
2. Reflects annualized total return of BIP (NYSE) from December 31, 2008 – December 31, 2018.

2. High Quality Assets - Significant Diversity

Large-Scale, Diversified Portfolio[1]







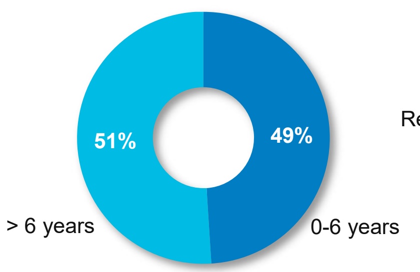
1. Determined based on total MW and includes assets acquired from the September 2019 acquisition of the AltaGas DG Portfolio.
2. Based on Projected Revenue for 2019 and includes assets acquired from the September 2019 acquisition of the AltaGas DG Portfolio.

2. High Quality Assets – Long Term Stable Cash Flows

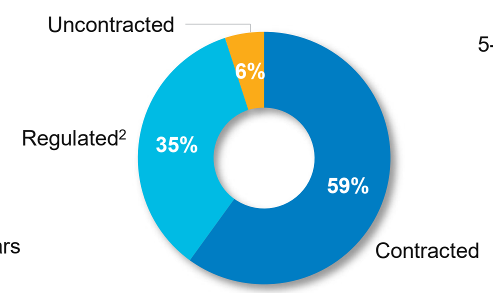
Long-term contracted and regulated assets

- ~94% of cash flows[1] are under long-term contract or regulatory framework[2]
- ~13 years of contracted cash flow with creditworthy offtakers

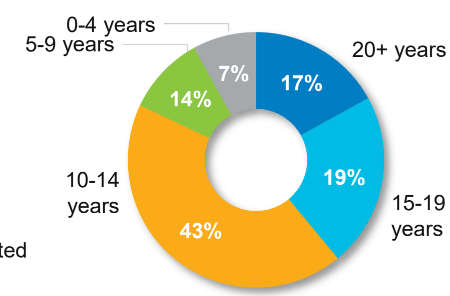
Recently Constructed
Average Age of 6 Years



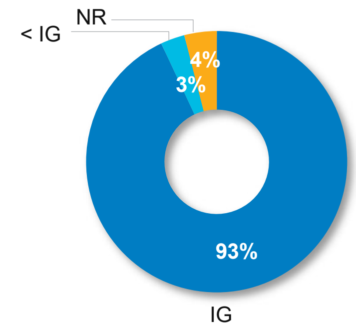
Contracted and Regulated Revenue
Stable Revenue



Tenor of Offtake Contracts[1]
Average 13 Years Remaining



Creditworthy Investment Grade Offtakers[1]



1. Tenor of Offtake Contracts and Offtaker Credit Ratings are calculated based on total MW, as of September 30, 2019. Offtaker Credit Rating indicates "IG" if rated as Investment Grade by either Moody's or S&P, "NR" if not rated by both S&P and Moody's, "< IG" if the former cases are not applicable and rated less than Investment Grade by either Moody's or S&P. Includes the expected Q4 2019 generation for AltaGas DG Portfolio, which was acquired at the end of Q3 2019.
2. Assets remunerated through the Spanish guaranteed return on deemed investment (RAB) regime.

3. Prudent Financing Strategy

Simplified capital structure

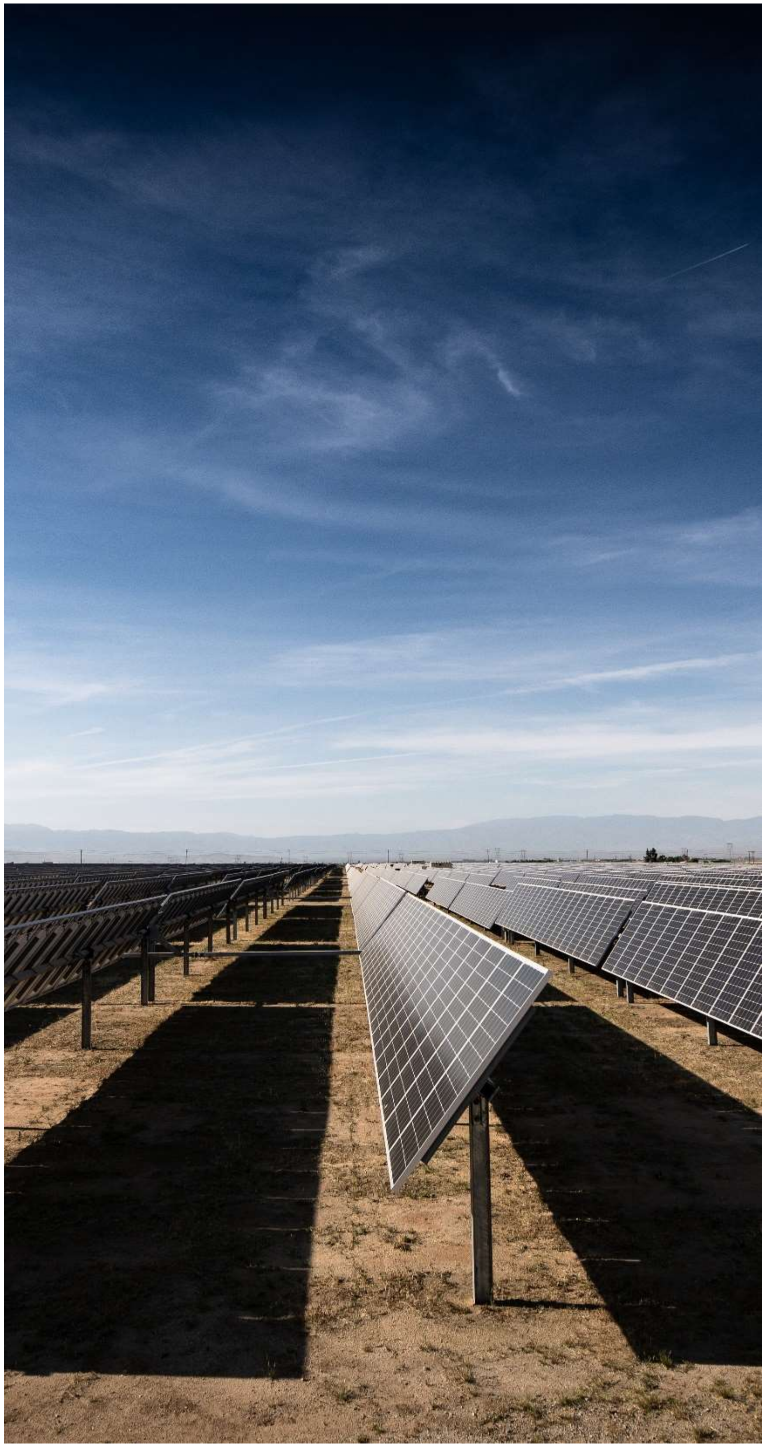
- No debt between project level and holding company
- Acquisitions are expected to be financed primarily using non-recourse debt with investment grade metrics

Plan to further reduce corporate leverage to improve TERP's credit rating

- Expect further corporate deleveraging as we deploy capital into new investments

Maintain access to multiple sources of capital and sufficient liquidity to pursue investments

Plan to recycle capital on an opportunistic basis, including the sale of non-core assets and minority interests



4. Robust Balance Sheet

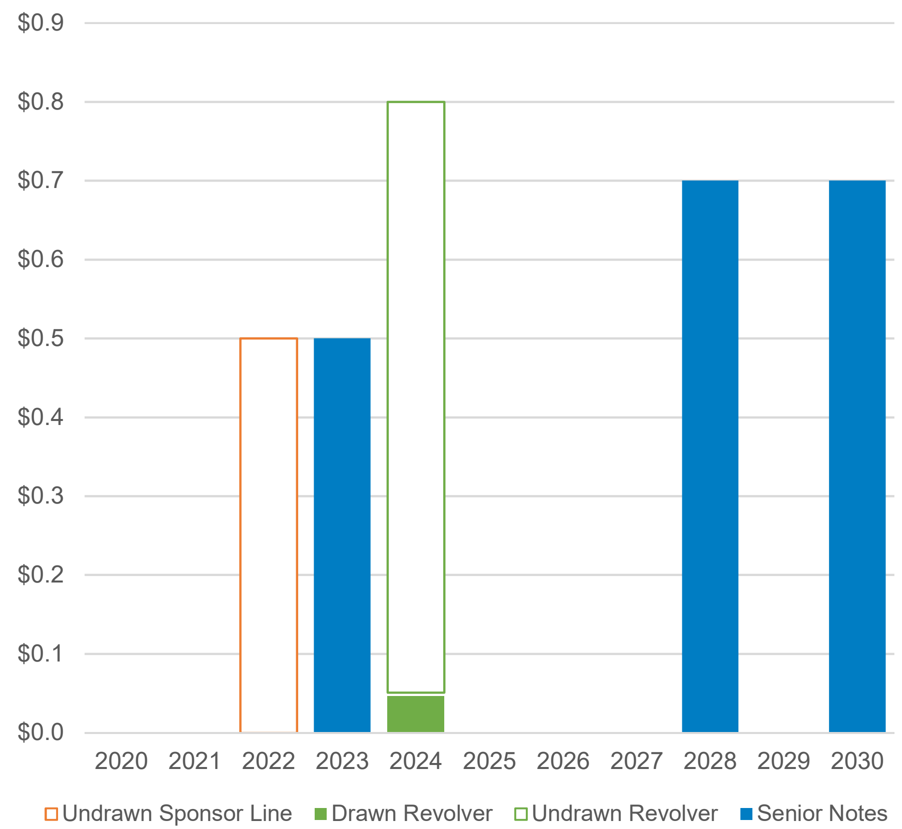
Long-dated, staggered debt maturities

- No material near-term maturities
- Project debt fully amortizes within contracted term
- ~ 90% of non-recourse debt has fixed or swapped interest rates
- Strong debt service coverage levels

Ample liquidity

- Robust corporate liquidity of ~$1.2B to fund growth
- Our sponsor has a track record of raising substantial capital at all points in economic cycle

Corporate Debt Maturity Ladder ($B)[1,2]



1. Drawn revolver shown as of September 30, 2019.
2. Excludes issued, but undrawn LC's maturing in 2024

TerraForm Power Recap

1. **Strong foundation to support 5-8% annual distribution growth**
   - Completed and in progress margin enhancement initiatives coupled with resource and curtailment normalization expected to generate ~$80M of incremental annual CAFD
   - Advancing nearly 200 MW of repowering initiatives with target COD for two out of three projects in 2021
   - Additional upside from organic growth investments in existing fleet, value-oriented acquisitions originated by Brookfield and access to Brookfield and third party ROFO pipeline

2. **First class sponsor**
   - Significant deal sourcing capabilities with $3.6B of equity deployed to acquire 13 GW over last 7 years
   - Deep expertise in developing, owning and operating renewable power assets
   - Demonstrated ability to provide significant capital to support growth

3. **Diversified, high-quality asset base underpinned by contracted cash flows**
   - Over 4,000 MW across a dozen of different geographic sub-regions
   - 94% of cash flows under long-term contract or regulatory frameworks

4. **Strong balance sheet and liquidity position**
   - Distribution targeted to be within 80% to 85% of CAFD range
   - ~$1.2B of available corporate liquidity to fund growth
   - No near term maturities within the next four years
   - ~90% of non-recourse debt has fixed or swapped interest rates
   - Projects financings have investment grade metrics

TerraForm POWER

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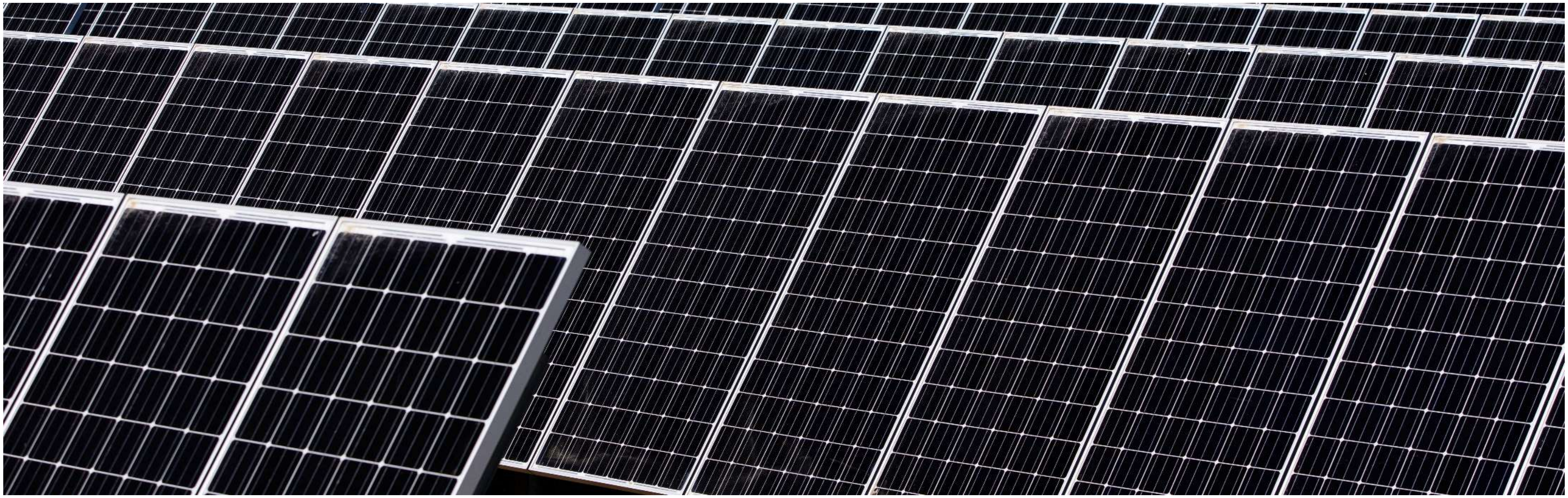

Appendix

Reconciliation of Non-GAAP Measures: 2018 Actual

Reconciliation of Operating Revenues to Adjusted Revenue (Millions, Except as Noted)	TERP 2018 Actual
Operating Revenues, net	$767
Unrealized (gain) loss on commodity contract derivatives, net[1]	$4
Amortization of favorable and unfavorable rate revenue contracts, net[2]	$39
Regulated Solar and Wind price band adjustment[3]	$12
Other items[4]	$2
Adjusted Revenue	**$824**

1. Represents unrealized loss on commodity contracts associated with energy derivative contracts that are for accounting purposes whereby the change in fair value is recorded in operating revenues, net.
2. Represents net amortization of purchase accounting related intangibles arising from past business combinations related to favorable and unfavorable rate revenue contracts.
3. Represents Regulated Solar and Wind Price Band Adjustment to Return on Investment Revenue as dictated by market conditions. To the extent that the wholesale market price is greater or less than a price band centered around the market price forecasted by the Spanish regulator during the preceding three years, the difference in revenues assuming average generation accumulates in a tracking account. The Return on Investment is either increased or decreased in order to amortize the balance of the tracking account over the remaining regulatory life of the assets.
4. Primarily represents recognized deferred revenue related to the upfront sale of investment tax credits, insurance compensation for revenue losses, and adjustments for SREC replacements.

Reconciliation of Non-GAAP Measures: 2018 Actual

Reconciliation of Net Income (Loss) to Adjusted EBITDA/CAFD (Millions, Except as Noted)	TERP 2018 Actual
Net income (loss)	($153)
Interest expense, net	$249
Income tax (benefit) expense	($12)
Depreciation, accretion and amortization expense[1]	$380
Non-operating general and administrative expense[2]	$49
Acquisition and related cost, including affiliate	$15
Impairment charges	$15
Loss on extinguishment of debt	($1)
Regulated Solar and Wind price band adjustment	$12
Management Fee[5]	$15
Other non-cash or non-operating items[3]	$21
Adjusted EBITDA	$590
Fixed management Fee[5]	($10)
Variable Management Fee[5]	($5)
Interest payments	($256)
Principal payments	($173)
Cash distributions to non-controlling interests	($26)
Sustaining capital expenditures[4]	($8)
Other[6]	$14
Cash available for distribution (CAFD)	**$126**

1. Includes reductions (increases) within operating revenues due to net amortization of favorable and unfavorable rate revenue contracts as detailed in the reconciliation of Adjusted Revenue.
2. Non-operating items and other items incurred directly by TerraForm Power that we do not consider indicative of our core business operations are treated as an addback in the reconciliation of net income (loss) to Adjusted EBITDA. In the twelve months ended December 31, 2018, These items include, but are not limited to, extraordinary costs and expenses related primarily to restructuring, IT system arrangements, relocation of the headquarters to New York, and legal, third party diligence and advisory fees associated with the Brookfield and Saeta transactions, dispositions and financings, banking, legal, third party diligence and advisory fees associated with the Brookfield transaction, dispositions and financings.
3. Represents other non-cash items as detailed in the reconciliation of Adjusted Revenue and associated footnote and certain other items that we believe are not representative of our core business or future operating performance, including but not limited to: loss/(gain) on foreign exchange ("FX"), unrealized loss on commodity contracts, loss on investments and receivables with affiliate, loss on disposal of renewable energy facilities, and wind sustaining capital expenditure previously reclassified.
4. Reclassifies wind sustaining capital expenditure into direct operating costs, which will now be covered under new Full Service Agreement.
5. Represents management fee that is not included in Adjusted EBITDA.
6. Represents other cash flows as determined by management to be representative of normal operations including, but not limited to, wind plant "pay as you go" contributions received from tax equity partners, interconnection upgrade reimbursements, major maintenance reserve releases or (additions), and releases or (postings) of collateral held by counterparties of energy market hedges for certain wind plants, and recognized SREC gains that are covered by loan agreements.

Spanish Regulated Revenue Framework

Under the Spanish regulatory framework, revenues have three components

1. **Return on Investment:**
   All renewable power plants receive a monthly capacity payment. This capacity payment, when combined with margin from the market revenues forecasted by the regulator, is sized to allow the generator to earn the regulated rate of return (currently 7.4%) on its deemed capital investment. The Return on Investment is recalculated every three years. Since the capacity payment is a fixed payment, it is very stable, with no volume or price risk. Historically, this revenue stream has comprised in the range of 65% of our regulated revenue.

2. **Return on Operation:**
   Applicable only to our concentrated solar power plants (CSP), this revenue stream consists of an additional payment for each MWh produced to recover deemed operating costs that are in excess of market revenue forecasted by the regulator, such that the margin on forecasted market revenues is equal to zero. The Return on Operations is recalculated every three years. Aside from the volumetric risk associated with production, this revenue stream has no market price risk and has historically comprised less than 10% of our regulated revenue.

3. **Market Revenue:**
   Renewable power plants sell power into the wholesale market and receive the market-clearing price for all MWhs they produce. Although this revenue stream is subject to both volume and market price risk, its impact on overall revenues is mitigated by the reset of the Return on Investment every three years. Market revenues historically comprise in the range of 25% of our regulated revenue yet only 8% of TerraForm Power's consolidated revenues.

Every three years, the regulated components of revenue (i.e., the Return on Investment and Return on Operations) are reset in order to mitigate the overall variability of revenues. Based on market conditions, the regulator updates its market price forecast. Since the combination of margin from market revenues forecasted by the regulator and the regulated components of revenue are sized to equal the regulated return, the Return on Investment and Return on Operations are reset accordingly. Furthermore, to the extent that the wholesale market price is greater or less than a price band centered around the market price forecasted by the regulator during the preceding three years, the difference in revenues assuming average generation accumulates in a tracking account. The Return on Investment is either increased or decreased in order to amortize the balance of the tracking account over the remaining regulatory life of the assets. Over time, this adjustment dampens the impact of wholesale price variability.

Every six years, the regulated rate of return may be reset to a level that allows generators to earn a fair rate of return in light of market conditions. The regulated rate of return must be proposed by the Spanish government and approved by a decree of parliament. In November 2019, a Royal Decree Law ("RDL") was issued by the Spanish government maintaining the rate of 7.4% for plants commissioned prior to 2013 and stated the rates would be set for two six-year periods (until 2031).

We are actively monitoring political developments in Spain, but we continue to believe that the political environment is positive for the regulated rate of return as renewables enjoy broad support across the political spectrum.

Calculation and Use of Non-GAAP Measures

This communication contains references to Adjusted Revenue, Adjusted EBITDA, and cash available for distribution ("CAFD"), which are supplemental Non-GAAP measures that should not be viewed as alternatives to GAAP measures of performance, including revenue, net income (loss), operating income or net cash provided by operating activities. Our definitions and calculation of these Non-GAAP measures may differ from definitions of Adjusted Revenue, Adjusted EBITDA and CAFD or other similarly titled measures used by other companies. We believe that Adjusted Revenue, Adjusted EBITDA and CAFD are useful supplemental measures that may assist investors in assessing the financial performance of TerraForm Power. None of these Non-GAAP measures should be considered as the sole measure of our performance, nor should they be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with GAAP, which are available on our website at www.terraform.com, as well as at www.sec.gov. We encourage you to review, and evaluate the basis for, each of the adjustments made to arrive at Adjusted Revenue, Adjusted EBITDA and CAFD.

Calculation of Non-GAAP Measures

We define Adjusted Revenue as operating revenues, net, adjusted for non-cash items, including (i) unrealized gain/loss on derivatives, net (ii) amortization of favorable and unfavorable rate revenue contracts, net, (iii) an adjustment for wholesale market revenues to the extent above or below the regulated price bands, and (iv) other items that we believe are representative of our core business or future operating performance.

We define Adjusted EBITDA as net income (loss) plus (i) depreciation, accretion and amortization, (ii) interest expense, (iii) non-operating general and administrative costs, (iv) impairment charges, (v) (gain) loss on extinguishment of debt, (vi) acquisition and related costs, (vii) income tax (benefit) expense, (viii) adjustment for wholesale market revenues to the extent above or below the regulated price bands, (ix) management fees to Brookfield, an (x) certain other non-cash charges, unusual or non-recurring items and other items that we believe are not representative of our core business or future operating performance.

We define "cash available for distribution" or "CAFD" as Adjusted EBITDA (i) minus management fees to Brookfield, (ii) minus annualized scheduled interest and project level payments of principal in accordance with the related borrowing arrangements, (iii) minus cash distributions paid to non-controlling interests in our renewable energy facilities, if any, (iv) minus average annual sustaining capital expenditures (based on the long-sustaining capital expenditure plans) which are recurring in nature and used to maintain the reliability and efficiency of our power generating assets over our long-term investment horizon, and (v) plus or minus operating items as necessary to present the cash flows we deem representative of our core business operations.

Use of Non-GAAP Measures

We disclose Adjusted Revenue because it presents the component of operating revenue that relates to energy production from our plants, and is, therefore, useful to investors and other stakeholders in evaluating performance of our renewable energy assets and comparing that performance across periods in each case without regard to non-cash revenue items.

We disclose Adjusted EBITDA because we believe it is useful to investors and other stakeholders as a measure of our financial and operating performance and debt service capabilities. We believe Adjusted EBITDA provides an additional tool to investors and securities analysts to compare our performance across periods without regard to interest expense, taxes and depreciation and amortization. Adjusted EBITDA has certain limitations, including that it: (i) does not reflect cash expenditures or future requirements for capital expenditures or contractual liabilities or future working capital needs, (ii) does not reflect the significant interest expenses that we expect to incur or any income tax payments that we may incur, and (iii) does not reflect depreciation and amortization and, although these charges are non-cash, the assets to which they relate may need to be replaced in the future, and (iv) does not take into account any cash expenditures required to replace those assets. Adjusted EBITDA also includes adjustments for impairment charges, gains and losses on derivatives and foreign currency swaps, acquisition related costs and items we believe are infrequent, unusual or non-recurring, including adjustments for general and administrative expenses we have incurred as a result of the SunEdison bankruptcy.

We disclose CAFD because we believe cash available for distribution is useful to investors and other stakeholders in evaluating our operating performance and as a measure of our ability to pay distributions. CAFD is not a measure of liquidity or profitability, nor is it indicative of the funds needed by us to operate our business. CAFD has certain limitations, such as the fact that CAFD includes all of the adjustments and exclusions made to Adjusted EBITDA described above.

The adjustments made to Adjusted EBITDA and CAFD for infrequent, unusual or non-recurring items and items that we do not believe are representative of our core business involve the application of management's judgment, and the presentation of Adjusted EBITDA and CAFD should not be construed to infer that our future results will be unaffected by infrequent, non-operating, unusual or non-recurring items.

In addition, these measures are used by our management for internal planning purposes, including for certain aspects of our consolidated operating budget, as well as evaluating the attractiveness of investments and acquisitions. We believe these Non-GAAP measures are useful as a planning tool because they allow our management to compare performance across periods on a consistent basis in order to more easily view and evaluate operating and performance trends and as a means of forecasting operating and financial performance and comparing actual performance to forecasted expectations. For these reasons, we also believe these Non-GAAP measures are also useful for communicating with investors and other stakeholders.