UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): November 8, 2018

TerraForm Power, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware	**001-36542**	**46-4780940**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

200 Liberty Street, 14th Floor, New York, New York 10281
(Address of Principal Executive Offices) (Zip Code)

646-992-2400
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Item 2.02. Results of Operations and Financial Condition.

On November 8, 2018, TerraForm Power, Inc. (the "Company") issued a press release announcing the reporting of its financial results for the quarter ended September 30, 2018. The press release also reported certain financial and operating metrics of the Company as of or for the quarters ended September 30, 2018 and 2017. A copy of the press release is furnished with this Current Report on Form 8-K as Exhibit 99.1.

Note Regarding Non-GAAP Financial Measures. In the attached press release, presentation, and letter, the Company discloses items not prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), or non-GAAP financial measures (as defined in Regulation G promulgated by the U.S. Securities and Exchange Commission). A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is contained in the attached press release and presentation.

Cautionary Note Regarding Forward-Looking Statements. Except for historical information contained in this Form 8-K and the press release, presentation, and letter attached as exhibits hereto, this Form 8-K and the press release, presentation, and letter contain forward-looking statements which involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Please refer to the cautionary note in the press release and presentation regarding these forward-looking statements.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Resignation of Matthew Berger as Chief Financial Officer

On November 8, 2018, Mr. Matthew Berger resigned from his position as Chief Financial Officer of the Company, effective as of November 12, 2018.

Appointment of Mr. Michael Tebbutt as Chief Financial Officer

On November 8, 2018, the Company appointed Mr. Michael Tebbutt as Chief Financial Officer of the Company, effective as of November 12, 2018.

Mr. Tebbutt, 40, a Chartered Accountant, first joined our sponsor, Brookfield Asset Management Inc. ("Brookfield"), in 2011, where he has held a series of senior finance positions, most recently as Chief Financial Officer at Brookfield Properties in its U.S. retail business since April 2017. Previously, he served as Chief Financial Officer at Brookfield Infrastructure Asia Pacific's operations from 2014 to 2017. In his new role as Chief Financial Officer of the Company, Mr. Tebbutt is not an employee of the Company and instead will remain employed by Brookfield. Mr. Tebbutt's services are provided under a management services agreement with Brookfield, and Brookfield directly sets his compensation.

Item 7.01. Regulation FD Disclosure.

On November 8, 2018, the Company also posted presentation materials to the Investors section of its website at www.terraformpower.com, which were made available in connection with a previously announced November 9, 2018 investor conference call. A copy of the presentation is furnished herewith as Exhibit 99.2.

On November 8, 2018, the Company also posted a letter to shareholders to the Investors section of its website at www.terraformpower.com. A copy of the letter is furnished herewith as Exhibit 99.3.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

Exhibit No.	Description
99.1	Press release, dated November 8, 2018, titled "TerraForm Power Reports Third Quarter 2018 Results"
99.2	Presentation materials, dated November 8, 2018, titled "Q3 2018 Supplemental Information"
99.3	Letter to Shareholders, dated November 8, 2018

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TerraForm Power, Inc.

Date: November 8, 2018

By: /s/ MATTHEW BERGER
Matthew Berger
Chief Financial Officer

EXHIBIT 99.1

TerraForm Power Reports Third Quarter 2018 Results

NEW YORK, Nov. 08, 2018 (GLOBE NEWSWIRE) -- TerraForm Power, Inc. (Nasdaq: TERP) ("TerraForm Power") today reported financial results for the three months ended September 30, 2018.

Recent Highlights

- Successfully commissioned the battery energy storage replacement project in Hawaii on budget and ahead of schedule
- Commenced implementation of GE long-term service agreements ("LTSAs") for 1.6 GW North American wind fleet, which we expect will deliver significant cost savings, improve performance of fleet to our long-term expectation, and further increase our wind output through deployment of GE's proprietary technology
- Progressed solar performance improvement plan by implementing remediation plans that are expected to increase revenue by $7.5 million
- Closed project financing of certain unencumbered assets in North America yielding net proceeds of ~$77 million
- Closed a €50 million upfinancing of the Montegordo wind farm in Spain, yielding net proceeds of €12 million
- Renegotiated terms of $600 million corporate credit facility and cancelled Saeta's corporate credit facility yielding $3 million of annual savings
- Declared a Q4 2018 dividend of $0.19 per share, implying $0.76 per share on an annual basis

"With contribution from our European platform for a full quarter, Terraform Power's results demonstrate the benefits of its diversified asset base," said John Stinebaugh, CEO of TerraForm Power. "In the past year, we have made significant strides to extract additional cash flow from our existing portfolio of assets. As we look forward, we are turning our focus to deploying capital to grow our business through organic growth opportunities and add-on acquisitions."

Results

$ in millions, except per share amounts	**3 Months Ended 9/30/2018**	**3 Months Ended 9/30/2017**
Generation (GWh)	2,006	1,378
Net Loss	$(19)	$(36)
Earnings (Loss) per Share[2]	$(0.16)	$(0.31)
Adjusted EBITDA [1]	$197	$110
CAFD[1]	$46	$19
per Share[1,2]	$0.22	$0.13

[1]Non-GAAP measures. See "Calculation and Use of Non-GAAP Measures" and "Reconciliation of Non-GAAP Measures" sections. Amounts in 2017 adjusted for sale of our UK and Residential portfolios.

[2] Loss per share is calculated using a weighted average diluted Class A common stock shares outstanding. CAFD per share is calculated using a weighted average diluted Class A common stock and weighted average Class B common stock shares outstanding. For three months ended September 30, 2018, weighted average diluted Class A common stock shares outstanding totaled 209.1 million, including insurance of 61 million to affiliates (three months ended September 30, 2017: 92.7 million). For three months ended September 30, 2018, there were no weighted average Class B common stock shares outstanding (three months ended September 30, 2017: 48.2 million).

Operations

We are pleased to report that we completed the battery replacement project at our KWP II wind farm in Hawaii on budget and ahead of schedule. We successfully commissioned the lithium ion batteries in October. In addition, we have been working diligently to implement the framework agreement with GE for turbine O&M and balance of plant services for our 1.6 GW North American wind fleet. We are putting in place all of the project-level agreements, and we are completing necessary repair of wind turbine blades as well as other "catch up" work from prior years in preparation for handover. In parallel, we are working to obtain lender and tax equity partner consents to change operators, and in certain situations, we are in negotiations with current service providers for early termination of our existing service contracts. We expect full implementation of the LTSAs within the first half of 2019. Finally, we recently launched a competitive process to reduce O&M costs and strengthen performance guarantees associated with Saeta's wind fleet. We expect to finalize this process in the fourth quarter of 2018 and enter into long-term contracts that generate savings of at least 15% compared to existing costs.

We commenced our solar performance improvement plan this summer. After performing irradiation scans of our North American assets, we identified opportunities to increase production by at least 52 GWh to achieve our long term average production. We are now working on business cases to quantify the required capital investment and the corresponding revenue increase that is achievable. Following an analysis of an initial subset of high priority facilities, we have implemented remediation plans to restore 45 GWh of production, which we believe equates to $7.5 million in additional annual revenue. We will continue our business case analysis on the remaining assets, and we believe there is significant additional revenue upside. We expect to have the solar fleet performing at our LTA targets by the end of the first quarter of 2019.

Growth Initiatives

We have been pursuing a number of strategies to build our acquisition pipeline. We believe that there is a consolidation play in Spanish renewables, which is very fragmented with many assets owned by private, under-capitalized developers. We believe that we can acquire assets at prices that yield attractive returns and extract cost synergies by integrating these assets into our European platform. Following the recent election, we are evaluating a number of opportunities to invest in Mexican renewables. Particularly after the decision to cancel the new Mexico City airport, we believe there is greater uncertainty, which may translate to attractive risk-adjusted returns.

Financial Results

In the third quarter, our portfolio delivered Adjusted EBITDA, Net Loss and CAFD of $197 million, $19 million and $46 million, respectively. This represents an increase in Adjusted EBITDA of $87 million, a decrease in Net Loss of $17 million and an increase in CAFD of $27 million, compared to the same period last year. The increase in our results primarily reflects a full quarter contribution from the Saeta acquisition. Savings in corporate interest expense resulting from our Q4 2017 refinancing initiatives were largely offset by lower wind incentive revenue in the Northeast, timing of incentive revenue invoicing, and the impact of ongoing maintenance to prepare the wind fleet for LTSA implementation.

North American wind production was slightly higher than Q3 2017, though at levels significantly below our long-term averages. While poor wind resource, particularly in Hawaii and the Midwest, was the main driver, revenues were also impacted by greater than normal maintenance, which will be largely mitigated upon full implementation of our LTSAs with GE. Our European platform performed in-line with expectations, with lower than expected solar resource offset by higher than expected market revenues due to wholesale electricity prices in Spain which year-to-date have averaged 10% higher than the prior year.

In the past few months, there were four hurricanes or tropical storms that impacted regions in which we own assets. In each instance, our emergency preparedness plans were in effect prior to the storms making landfall. The impact of these storms on our assets was minimal, and all of our assets were back online shortly after the storm events.

Liquidity

During the quarter, we made progress on the $350 million non-recourse debt financing plan for the Saeta acquisition. In September, we closed the second project financing of certain of our unencumbered assets in the U.S., yielding net proceeds of ~$77 million. The financing is a fully amortizing structure with a final maturity of 14 years and a very attractive coupon of 4.64% that implies a spread over U.S. treasuries of 165 basis points. In September, we closed a €50 million upfinancing of the Montegordo wind farm in Spain, yielding net proceeds of €12 million and optimizing the project's CAFD profile. The loan is fully amortizing with a final maturity of 12 years and a blended interest rate of approximately 4.2%. Additionally, we recently launched a financing of a portfolio of utility scale and distributed solar assets from which we are targeting to raise approximately $100 million, with an expected close in the fourth quarter. Over the next three months, we plan to launch the final project financing to raise the balance of the $350 million of proceeds. Once the financings are completed, Terraform Power's liquidity will be restored to over $900 million, providing significant dry powder to invest in attractive opportunities that we find within the sector.

Finally, in early October, we made certain amendments to our existing $600 million revolver to bring pricing in-line with our Term Loan B. We extended the tenor by two years (through 2023), refreshed the $150 million accordion feature, and reduced commitment fees by 12.5 basis points and the drawn spread by 75 basis points. We also cancelled Saeta's €120 million revolving credit facility. Together, these actions are expected to yield ~$3 million of annual interest savings on a run-rate basis.

Appointment of Chief Financial Officer

The Board of Directors of TerraForm Power is pleased to announce the appointment of Michael Tebbutt as Chief Financial Officer, effective Monday, November 12th. Michael is a Chartered Accountant and first joined Brookfield Asset Management in 2011. He has held a series of senior finance positions within the group, previously serving as Chief Financial Officer of Brookfield Properties U.S. retail business and Brookfield Infrastructure's Asia Pacific operations. Michael succeeds Matthew Berger, who is rejoining Brookfield Property Group. We want to thank Matt for all of his hard work and contributions over the past year.

Announcement of Quarterly Dividend

TerraForm Power today announced that, on November 8, 2018, its Board declared a quarterly dividend with respect to TerraForm Power's Class A common stock of $0.19 per share. The dividend is payable on December 17, 2018, to stockholders of record as of December 3, 2018. This dividend represents TerraForm Power's fourth consecutive quarterly dividend payment under Brookfield's sponsorship.

About TerraForm Power

TerraForm Power owns and operates a best-in-class renewable power portfolio of solar and wind assets located primarily in the U. S. and E.U., totaling more than 3,600 MW of installed capacity. TerraForm Power's goal is to acquire operating solar and wind assets in North America and Western Europe. TerraForm Power is listed on the Nasdaq stock exchange (Nasdaq: TERP). It is sponsored by Brookfield Asset Management, a leading global alternative asset manager with more than $330 billion of assets under management.

For more information about TerraForm Power, please visit: www.terraformpower.com.

Contacts for Investors / Media:

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Quarterly Earnings Call Details

Investors, analysts and other interested parties can access TerraForm Power's 2018 Third Quarter Results as well as the Letter to Shareholders and Supplemental Information on TerraForm Power's website at www.terraformpower.com.

The conference call can be accessed via webcast on November 9, 2018 at 9:30 a.m. Eastern Time at https://event.on24.com/wcc/r/1868899/535D3AA90E42BFE84348A1E0721D4251, or via teleconference at 1-866-521-4909 toll free in North America. For overseas calls please dial 1-647-427-2311, at approximately 9:20 a.m. Eastern Time. A replay of the webcast will be available for those unable to attend the live webcast.

Safe Harbor Disclosure

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 TerraForm Power expects or anticipates will occur in the future are forward-looking statements. They may include estimates of expected cash available for distribution (CAFD), dividend growth, cost savings initiatives, earnings, Adjusted EBITDA, revenues, income, loss, capital expenditures, liquidity, capital structure, future growth, financing arrangements and other financial performance items (including future dividends 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 TerraForm Power’s current expectations or predictions of future conditions, events, or results and speak only as of the date they are made. Although TerraForm Power 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.

By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, risks related to: risks related to the transition to Brookfield Asset Management Inc. sponsorship, including our ability to realize the expected benefits of sponsorship; risks related to wind conditions at our wind assets or to weather conditions at our solar assets; risks related to the effectiveness of our internal control over financial reporting; pending and future litigation; the willingness and ability of counterparties to fulfill their obligations under offtake agreements; price fluctuations, termination provisions and buyout provisions in offtake agreements; our ability to enter into contracts to sell power on acceptable prices and terms, including as our offtake agreements expire; our ability to compete against traditional and renewable energy companies; 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; 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; risks related to our ability to successfully integrate the operations, technologies and personnel of Saeta; the regulated rate of return of renewable energy facilities in Spain, including Saeta’s wind and solar assets, a reduction of which could have a material negative impact on our results of operations; our ability to successfully identify, evaluate and consummate acquisitions; our ability to integrate the projects we acquire from third parties, including Saeta, and our ability to realize the anticipated benefits from such acquisitions; and our ability to realize the benefit of our cost and performance enhancement initiatives, including the LTSAs with an affiliate of GE.

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 most recent Annual Report on Form 10-K and and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, as well as additional factors we may describe from time to time in other filings with 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, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating revenues, net	$ 246,042	$ 153,430	$ 553,477	$ 474,932
Operating costs and expenses:				
Cost of operations	59,027	41,859	146,155	108,402
Cost of operations - affiliate	—	1,199	—	10,224
General and administrative expenses	21,334	21,664	65,483	99,644
General and administrative expenses - affiliate	3,432	2,192	10,929	6,893
Acquisition-related costs	1,655	—	7,612	—
Acquisition-related costs - affiliate	335	—	6,965	—
Impairment of renewable energy facilities	—	—	15,240	1,429
Depreciation, accretion and amortization expense	103,593	61,830	239,177	186,039
Total operating costs and expenses	189,376	128,744	491,561	412,631
Operating income	56,666	24,686	61,916	62,301
Other expenses (income):				
Interest expense, net	72,416	70,232	176,862	206,749
Gain on sale of renewable energy facilities	—	—	—	(37,116)
Gain on foreign currency exchange, net	(3,070)	(1,078)	(4,257)	(5,695)
Other expenses (income), net	358	(7,015)	2,870	(4,882)
Total other expenses, net	69,704	62,139	175,475	159,056
Loss before income tax expense (benefit)	(13,038)	(37,453)	(113,559)	(96,755)
Income tax expense (benefit)	6,013	(1,099)	9,417	(2,256)
Net loss	(19,051)	(36,354)	(122,976)	(94,499)
Less: Net income attributable to redeemable non-controlling interests	12,443	4,895	15,101	10,264
Less: Net income (loss) attributable to non-controlling interests	2,096	(14,949)	(165,946)	(57,272)
Net (loss) income attributable to Class A common stockholders	$ (33,590)	$ (26,300)	$ 27,869	$ (47,491)
Weighted average number of shares:				
Class A common stock - Basic	209,142	92,352	173,173	92,228

Class A common stock - Diluted	209,142	92,352	173,186	92,228
(Loss) earnings per share:				
Class A common stock - Basic and diluted	$ (0.16)	$ (0.31)	$ 0.16	$ (0.59)
Dividends declared per share:				
Class A common stock	$ 0.19	$ —	$ 0.57	$ —

TERRAFORM POWER, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 349,563	$ 128,087
Restricted cash	28,095	54,006
Accounts receivable, net	178,094	89,680
Prepaid expenses and other current assets	71,935	65,393
Due from affiliate	350	4,370
Total current assets	628,037	341,536
Renewable energy facilities, net, including consolidated variable interest entities of $3,119,285 and $3,273,848 in 2018 and 2017, respectively	6,555,836	4,801,925
Intangible assets, net, including consolidated variable interest entities of $761,299 and $823,629 in 2018 and 2017, respectively	2,000,893	1,077,786
Goodwill	113,701	—
Restricted cash	132,337	42,694
Other assets	145,173	123,080
Total assets	$ 9,575,977	$ 6,387,021
Liabilities, Redeemable Non-controlling Interests and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt and financing lease obligations, including consolidated variable interest entities of $59,210 and $84,691 in 2018 and 2017, respectively	$ 454,351	$ 403,488
Accounts payable, accrued expenses and other current liabilities, including consolidated variable interest entities of $37,862 and $34,199 in 2018 and 2017, respectively	207,185	88,538
Deferred revenue	1,720	17,859
Due to affiliates	10,921	3,968
Total current liabilities	674,177	513,853
Long-term debt and financing lease obligations, less current portion, including consolidated variable interest entities of $908,962 and $833,388 in 2018 and 2017, respectively	5,499,731	3,195,312
Deferred revenue, less current portion	12,444	38,074
Deferred income taxes	204,157	24,972
Asset retirement obligations, including consolidated variable interest entities of $98,955 and $97,467 in 2018 and 2017, respectively	173,202	154,515
Other long-term liabilities	155,278	37,923
Total liabilities	6,718,989	3,964,649
Redeemable non-controlling interests	43,900	34,660
Stockholders' equity:		
Class A common stock, $0.01 par value per share, 1,200,000,000 shares authorized, 209,642,140 and 148,586,447 shares issued in 2018 and 2017, respectively, and 209,141,720 and 148,086,027 shares outstanding in 2018 and 2017, respectively	2,096	1,486
Additional paid-in capital	2,427,612	1,872,125
Accumulated deficit	(334,757)	(387,204)
Accumulated other comprehensive income	44,436	48,018
Treasury stock, 500,420 shares in 2018 and 2017	(6,712)	(6,712)
Total TerraForm Power, Inc. stockholders' equity	2,132,675	1,527,713
Non-controlling interests	680,413	859,999
Total stockholders' equity	2,813,088	2,387,712
Total liabilities, redeemable non-controlling interests and stockholders' equity	$ 9,575,977	$ 6,387,021

TERRAFORM POWER, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash flows from operating activities:		
Net loss	$ (122,976)	$ (94,499)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, accretion and amortization expense	239,177	186,039
Amortization of favorable and unfavorable rate revenue contracts, net	29,477	29,459
Gain on sale of renewable energy facilities	—	(37,116)
Impairment of renewable energy facilities	15,240	1,429
Amortization of deferred financing costs and debt discounts	7,969	19,729
Unrealized (gain) loss on interest rate swaps	(11,688)	2,425
Unrealized gain on commodity contract derivatives, net	(3,845)	(1,244)
Recognition of deferred revenue	(1,344)	(11,510)
Stock-based compensation expense	161	7,049
Loss on extinguishment of debt, net	1,480	2,518
Loss on disposal of property, plant and equipment	6,764	—
Unrealized gain on foreign currency exchange, net	(9,643)	(5,275)
Deferred taxes	4,888	7,892
Other, net	453	5,978
Changes in assets and liabilities:		
Accounts receivable	(18,757)	(18,860)
Prepaid expenses and other current assets	9,154	(4,997)
Accounts payable, accrued expenses and other current liabilities	(13,002)	(758)
Due to affiliates	4,158	199
Other non-current assets and liabilities, net	13,361	3,907
Net cash provided by operating activities	151,027	92,365
Cash flows from investing activities:		
Capital expenditures	(15,320)	(7,472)
Proceeds from sale of renewable energy facilities, net of cash and restricted cash disposed	—	183,235
Proceeds from energy state rebate and reimbursable interconnection costs	8,224	23,621
Proceeds from the settlement of foreign currency contracts	22,429	—
Acquisition of Saeta business, net of cash and restricted cash acquired	(886,104)	—
Acquisition of renewable energy facilities from third parties, net of cash and restricted cash acquired	(4,105)	—
Net cash (used in) provided by investing activities	$ (874,876)	$ 199,384
Cash flows from financing activities:		
Proceeds from issuance of Class A common stock to affiliates	$ 650,000	$ —
Proceeds from the Sponsor Line - affiliate	86,000	—
Repayments of the Sponsor Line - affiliate	(86,000)	—
Revolving credit facility draws	619,000	—
Revolving credit facility repayments	(200,466)	(275,000)
Term Loan principal payments	(2,625)	—
Borrowings of non-recourse long-term debt	236,381	79,835
Principal payments and prepayments on non-recourse long-term debt	(180,124)	(199,481)
Debt financing fees	(7,422)	(10,228)
Sale of membership interests and contributions from non-controlling interests in renewable energy facilities	7,685	6,935
Purchase of membership interests and distributions to non-controlling interests in renewable energy facilities	(21,792)	(23,017)
Due to/from affiliates, net	4,803	(3,097)
Net SunEdison investment	—	7,436
Payment of dividends	(95,627)	—
Recovery of related party short swing profit	2,994	—
Other financing activities	—	(1,030)
Net cash provided by (used in) financing activities	1,012,807	(417,647)
Net increase in cash, cash equivalents and restricted cash	288,958	(125,898)
Net change in cash, cash equivalents and restricted cash classified within assets held for sale	—	54,806
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3,750)	3,264
Cash, cash equivalents and restricted cash at beginning of period	224,787	682,837
Cash, cash equivalents and restricted cash at end of period	$ 509,995	$ 615,009
Supplemental Disclosures:		
Cash paid for interest	$ 170,549	$ 182,021
Cash paid for income taxes	667	—

Reconciliation of Non-GAAP Measures

Adjusted Revenue, Adjusted EBITDA and CAFD 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 not necessarily be the same as those used by other companies. These Non-GAAP measures have certain limitations, which are described below, and they should not be considered in isolation. 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, (ii) amortization of favorable and unfavorable rate revenue contracts, net, and (iii) an adjustment for wholesale market revenues to the extent above or below the regulated price bands.

We define Adjusted EBITDA as net income (loss) plus depreciation, accretion and amortization, non-cash general and administrative costs, interest expense, income tax (benefit) expense, acquisition related expenses, and 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 cash distributions paid to non-controlling interests in our renewable energy facilities, if any, (ii) minus annualized scheduled interest and project level amortization payments in accordance with the related borrowing arrangements, (iii) 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, (iv) plus or minus operating items as necessary to present the cash flows we deem representative of our core business operations.

As compared to the preceding period, we revised our definition of CAFD to (i) exclude adjustments related to deposits into and withdrawals from restricted cash accounts, required by project financing arrangements, (ii) replace sustaining capital expenditures payment made in the year with the average annualized long-term sustaining capital expenditures to maintain reliability and efficiency of our assets, and (iii) annualized debt service payments. We revised our definition as we believe it provides a more meaningful measure for investors to evaluate our financial and operating performance and ability to pay dividends. For items presented on an annualized basis, we will present actual cash payments as a proxy for an annualized number until the period commencing January 1, 2018.

Furthermore, to provide investors with the most appropriate measures to assess the financial and operating performance of our existing fleet and the ability to pay dividends in the future, we have excluded results associated with our UK solar and Residential portfolios, which were sold in 2017, from adjusted revenue, EBITDA and CAFD reported for all periods.

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 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 and among us and our peer companies 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 goodwill 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 dividends. 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 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 it allows 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.

The following tables present a reconciliation of Operating Revenues to Adjusted Revenue and net loss to Adjusted EBITDA to CAFD and has been adjusted to exclude asset sales in the UK and Residential portfolios:

	Three Months Ended September 30		**Nine Months Ended September 30**	
(in millions)	**2018**	**2017**	**2018**	**2017**
Adjustments to reconcile operating revenues, net to adjusted revenue				
Operating revenues, net	$246	$153	$553	$475
Unrealized (gain) loss on commodity contract	2	(4)	(3)	(1)

derivatives, net (a)				
Amortization of favorable and unfavorable rate revenue contracts, net (b)	10	11	30	30
Other non-cash items (c)	-	(5)	-	(10)
2017 incentive revenue recognition recast (m)	-	1	-	(9)
Regulated Spain price band adjustment	10	-	10	-
Adjustment for Asset Sales	-	-	-	(15)
Adjusted revenue	**$268**	**$156**	**$590**	**$470**
Direct operating costs (d)	(71)	(46)	(169)	(142)
Settled FX gain (loss)	-	-	-	-
Adjusted EBITDA	**$197**	**$110**	**$421**	**$328**
Non-operating general and administrative expenses (e)	(6)	(13)	(38)	(67)
Stock-based compensation expense	-	(2)	-	(7)
Acquisition and related costs	(2)	-	(15)	-
Depreciation, accretion and amortization expense (f)	(113)	(72)	(269)	(215)
Impairment charges	-	1	(15)	-
Gain on sale of U.K. renewable energy facilities	-	-	-	37
Interest expense, net	(72)	(70)	(177)	(208)
Income tax benefit	(7)	1	(9)	2
Adjustment for asset sales	-	-	-	10
Regulated Spain price band adjustment	(10)	-	(10)	-
Other non-cash or non-operating items (g)	(6)	9	(11)	26
Net loss	**($19)**	**($36)**	**($123)**	**($94)**

(in thousands)	**Three Months Ended June 30**		**Six Months Ended June 30**	
Reconciliation of adjusted EBITDA to CAFD	**2018**	**2017**	**2018**	**2017**
Adjusted EBITDA	**$197**	**$110**	**$421**	**$328**
Fixed management fee	(3)	-	(8)	-
Variable management fee	(1)	-	(3)	-
Adjusted interest expense (h)	(78)	(63)	(184)	(184)
Levelized principal payments (i)	(57)	(24)	(111)	(75)
Cash distributions to non-controlling interests (j)	(7)	(6)	(19)	(23)
Sustaining capital expenditures (k)	(2)	(1)	(6)	(1)
Adjustment for asset sales	-	-	-	-
Other (l)	(3)	3	10	17
Cash available for distribution (CAFD) (m)	**$46**	**$19**	**$100**	**$62**

a) Represents unrealized (gain) loss on commodity contracts associated with energy derivative contracts that are accounted for at fair value with the changes recorded in operating revenues, net. The amounts added back represent changes in the value of the energy derivative related to future operating periods, and are expected to have little or no net economic impact since the change in value is expected to be largely offset by changes in value of the underlying energy sale in the spot or day-ahead market.

b) Represents net amortization of purchase accounting related to intangibles arising from past business combinations related to favorable and unfavorable rate revenue contracts.

c) Primarily represents recognized deferred revenue related to the upfront sale of investment tax credits.

d) In the three months ended September 30, 2017, reclassifies $0.5 million wind sustaining capital expenditure into direct operating costs, which will now be covered under a new Full Service Agreement. In the nine months ended September 30, 2017, reclassifies $7 million wind sustaining capital expenditure into direct operating costs.

e) Pursuant to the Management Services Agreement, SunEdison agreed to provide or arrange for other service providers to provide management and administrative services to us. In the three months ended September 30, 2017, we accrued costs incurred for management and administrative services that were provided by SunEdison under the Management Services Agreement that were not reimbursed by TerraForm Power and were treated as an addback in the reconciliation of net loss to Adjusted EBITDA. In addition, 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 loss to Adjusted EBITDA. These items include extraordinary costs and expenses related primarily to restructuring, legal, advisory and contractor fees associated with the bankruptcy of SunEdison and certain of its affiliates (the "SunEdison bankruptcy") and investment banking, legal, third party diligence and advisory fees associated with the Brookfield transaction, dispositions and financings. The Company's normal general and administrative expenses, paid by Terraform Power, are the amounts shown below and were not added back in the reconciliation of net loss to Adjusted EBITDA ($ in millions):

Q3 2018	**Q3 2017**	**YTD 2018**	**YTD 2017**
$6 M	$6 M	$20 M	$23 M

f) 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.

g) 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.

h) Represents project-level and other interest expense and interest income attributed to normal operations. The reconciliation from Interest expense, net as shown on the Unaudited Condensed Consolidated Statement of Operations to adjusted interest expense applicable to CAFD is as follows:

$ in millions	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Interest expense, net	**($72)**	**($70)**	**($177)**	**($208)**
Amortization of deferred financing costs and debt discounts	3	10	7	20
Amortization of interest expense - Affiliate	-	-	1	-
Adjustment for asset sales	-	-	-	8
Fair value changes in interest rate swaps in Saeta	(3)	-	(11)	-
Other	(5)	(3)	3	(4)
Adjusted interest expense	**($77)**	**($63)**	**($106)**	**($184)**

i) Represents levelized project-level and other principal debt payments to the extent paid from operating cash.

j) Represents cash distributions paid to non-controlling interests in our renewable energy facilities. The reconciliation from Distributions to non-controlling interests as shown on the Unaudited Condensed Consolidated Statement of Cash Flows to Cash distributions to non-controlling interests, net for the three months ended September 30, 2018 and 2017 is as follows:

$ in millions	Q2 2018	Q2 2017	H1 2018	H1 2017
Distributions to non-controlling interests	**($7)**	**($6)**	**($18)**	**($23)**
Adjustment for non-operating cash distributions	-	**-**	1	**-**
Cash distributions to non-controlling interests, net	**($7)**	**($67)**	**($17)**	**($23)**

k) Represents long-term average sustaining capex starting in 2018 to maintain reliability and efficiency of the assets.

l) 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.

m) CAFD in 2017 was recast as follows to present the levelized principal payments, adjusted interest expense, and incentive revenue recognition recast to provide period to period comparisons that are consistent and more easily understood. The 2017 incentive revenue was recast based on an estimate in the same proportions as the 2018 phasing, which differs from the actual 2017 phasing due to the adoption of the revenue recognition standard. In the twelve months ended December 31, 2017, CAFD remained $88 million as reported previously.

$ in millions	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
Cash available for distribution (CAFD) before debt service reported	**$104**	**$120**	**$106**	**$91**	**$421**
Levelized principal payments	(25)	(25)	(25)	(24)	(99)
Adjusted interest expense	(60)	(61)	(63)	(50)	(234)
Estimated incentive revenue recognition recast	(1)	(9)	1	9	-
Cash available for distribution (CAFD), recast	**$18**	**$25**	**$19**	**$26**	**$88**

n) 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 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.

EXHIBIT 99.2

TERRAFORM POWER

Q3 2018 Supplemental Information

Three Months Ended September 30, 2018

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Supplemental Information 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," "goal," "guidance," "outlook," "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, earnings, revenues, capital expenditures, liquidity, capital structure, future growth, financing arrangements and other financial performance items (including future dividends 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 in our most recent Annual Report on Form 10-K and quarter reports on Form 10-Q. Such factors include, but are not limited to: risks related to the transition to Brookfield Asset Management Inc. sponsorship, including our ability to realize the expected benefits of the sponsorship; risks related to wind conditions at our wind assets or to weather conditions at our solar assets; risks related to the effectiveness of our internal controls over financial reporting; pending and future litigation; the willingness and ability of counterparties to fulfill their obligations under offtake agreements; price fluctuations, termination provisions and buyout provisions in offtake agreements; our ability to enter into contracts to sell power on acceptable prices and terms, including as our offtake agreements expire; our ability to compete against traditional and renewable energy companies; 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; 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; risks related to our ability to successfully integrate the operations, technologies and personnel of Saeta Yield, S.A.; government regulation regulating the return of renewable energy facilities in Spain, including Saeta's wind and solar assets, any reduction of which could have a material negative impact on the results of our operations; our ability to successfully identify, evaluate and consummate acquisitions; our ability to integrate the projects we acquire from third parties, including Saeta Yield, S.A., or otherwise and our ability to realize the anticipated benefits from such acquisitions and our ability to realize the benefit of our cost and performance enhancement initiatives, including the long term service agreements with an affiliate of General Electric.

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 is not exhaustive and should be considered in connection with information regarding risks and uncertainties, which are described in our most recent Annual Report on Form 10-K and subsequent Quarterly Report on Form 10-Q, as well as additional factors we may describe from time to time in 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.

This Supplemental Information contains references to Adjusted Revenue, Adjusted EBITDA and cash available for distribution ("CAFD"), which are 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 the Company. 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.

Executing our Business Plan

- Progressed the implementation of a Framework Agreement with an affiliate of General Electric ("GE") in respect of Long Term Service Agreements ("LTSAs") for turbine operations and maintenance ("O&M") and other balance of plant services for our 1.6 GW North American wind fleet.
- Successfully commissioned the battery energy storage replacement project in Hawaii on budget and ahead of schedule
- Commenced our solar performance improvement plan this summer. After performing irradiation scans of our North American solar assets, we have identified opportunities to increase production by 45 GWh, which we believe corresponds to $7.5 million in additional potential annual revenue.
- Closed project financing of certain unencumbered assets in North America yielding net proceeds of ~$77 million
- Closed a €50 million upfinancing of the Montegordo wind farm in Spain, yielding net proceeds of €12 million
- Executed amendments to our existing $600 million revolver to bring pricing terms in-line with our Term Loan B and cancelled Saeta's corporate credit facility yielding $3 million of annual savings
- Approved quarterly dividend of $0.19 per share, $0.76 per share on an annualized basis – consistent with guidance

Q3 2018 HIGHLIGHTS (continued)

TerraForm POWER

2,006 GWh	$46 million	~$9 billion
Generation	CAFD	Total Capitalization

Key Performance Metrics

(MILLIONS, EXCEPT AS NOTED)	Three months ended Sep 30 2018		Three months ended Sep 30 2017
LTA generation (GWh)[1]	**2,250**		1,601
Total generation (GWh)	**2,006**		1,378
Adjusted Revenue[2]	**$ 268**	$	156
Adjusted EBITDA[2]	**197**		110
Net loss	**(19)**		(36)
CAFD[2]	**46**		19
Earnings (loss) per share[3]	**$ (0.16)**	$	(0.31)
CAFD per share[2][3]	**$ 0.22**	$	0.13

(1) LTA Generation includes preliminary view for European platform based on 2019 Budget until LTAs are finalized.

(2) Non-GAAP measures. See "Calculation and Use of Non-GAAP Measures" and "Reconciliation of Non-GAAP Measures" sections. Amounts in 2017 adjusted for sale of our UK and Residential portfolios.

(3) Loss per share is calculated using a weighted average diluted Class A common stock shares outstanding. CAFD per share is calculated using a weighted average diluted Class A common stock and weighted average Class B common stock shares outstanding. For three months ended September 30, 2018, weighted average diluted Class A common stock shares outstanding totaled 209.1million, including issuance of 61million to affiliates (three months ended September 30, 2017: 92.7million). For three months ended September 30, 2018, there are no weighted average Class B common stock shares outstanding (three months ended September 30, 2017: 48.2 million).

Key Balance Sheet Metrics

(IN $ MILLIONS)	Sep 30 2018	Dec 31 2017
Total long-term debt	5,997	3,643
Total stockholders' equity and redeemable non-controlling interest	2,857	2,429
Total capitalization[1]	8,854	6,071

(1) Total capitalization is comprised of total stockholders' equity, redeemable non-controlling interests, and Total long-term debt.

Performance Highlights

- During the third quarter, our portfolio delivered Net loss, Adjusted EBITDA and CAFD of $19 million, $197 million and $46 million, respectively, versus $36 million, $110 million and $19 million, respectively, in Q3 2017
  - Net loss was $17 million lower than Q3 2017 and CAFD increased by $27 million primarily due to the Saeta Yield acquisition
  - Adjusted EBITDA increased by $87 million largely attributable to the contribution from the European platform. Savings in corporate interest resulting from our Q4 2017 financing initiatives were largely offset by lower wind incentive revenue due to lower prices in the Northeast, timing of incentive revenue invoicing, and the impact of ongoing investments to prepare the fleet for LTSA implementation
  - Excluding the European platform, the total generation in Q3 2018 of 1,431 GWh was 4% higher than prior year, primarily due to greater resource availability in the Central and Texas Wind portfolios. Production was below LTA primarily due to resource but was also impacted by greater than normal maintenance, which will be largely mitigated upon full implementation of our LTSAs with GE. Including the European platform generation, total generation in Q3 2018 was 2,006 GWh
- The CAFD per share increased by $0.09 versus prior year due to the addition of the European platform
- Total capitalization ~ $9 billion after funding European platform acquisition

Our Business

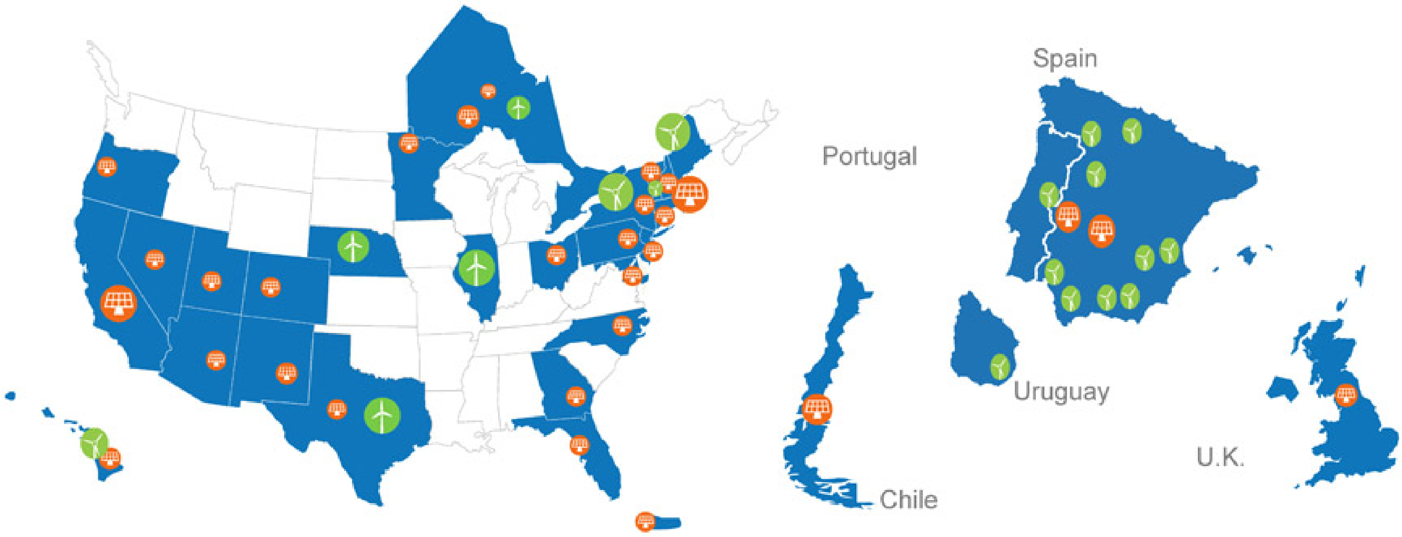
TerraForm Power's goal is to own and operate high-quality wind and solar generation assets in North America and Western Europe

Performance Targets and Key Measures

- Our objective is to deliver an attractive total return in the low teens per annum to our stockholders
- Expect to generate return from a dividend backed by stable cashflow from our assets and 5-8% annual dividend per share increase that we believe is sustainable over the long term
  - We target a dividend payout of 80-85% of CAFD
  - Over the next five years, we expect growth to be driven primarily by cost savings, increased production from our assets, organic investments and a modest amount of add-on acquisitions
  - Opportunistic, value-oriented acquisitions are expected to provide upside to our business plan
- Growth in CAFD per share is a key performance metric as it is a proxy for our ability to increase distributions

Our Operations

Owner and operator of an over **3,600 MW diversified portfolio** of **high-quality wind and solar assets**, underpinned by **long-term contracts**



	Wind	Solar	Total
US	1,454 MW	900 MW	**2,354 MW**
International	856 MW	430 MW	**1,286 MW**
Total [1]	**2,310 MW**	**1,330 MW**	**3,640 MW**

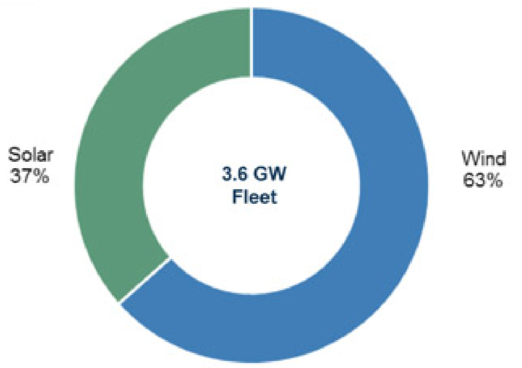
1. Determined based on total Net MW after giving pro forma effect to the acquisition of European platform.

Portfolio of High Quality Assets with Significant Diversity

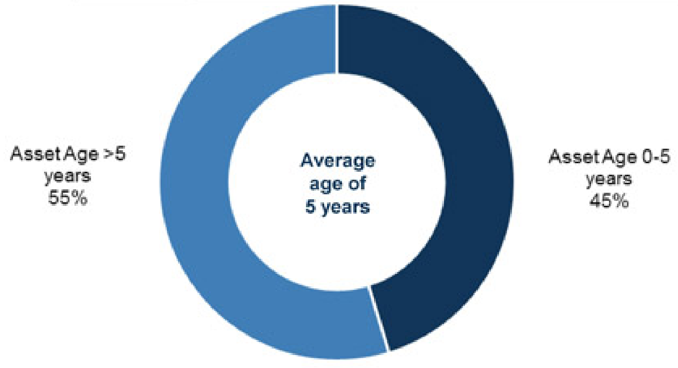
TerraForm POWER

Contracted and **regulated** assets with **significant resource diversity**

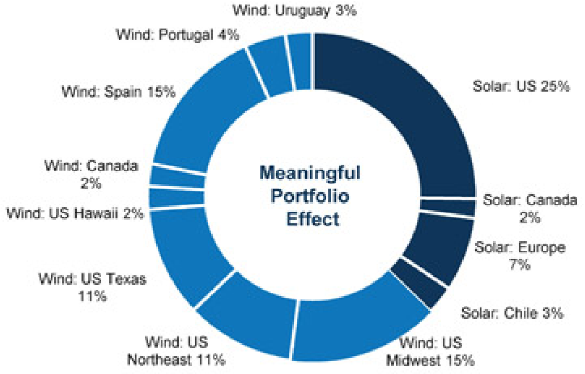
Large-Scale, Diversified Portfolio[1]



Recently Constructed[1]



Significant Resource Diversity[1]



Contracted and Regulated Revenue[2]

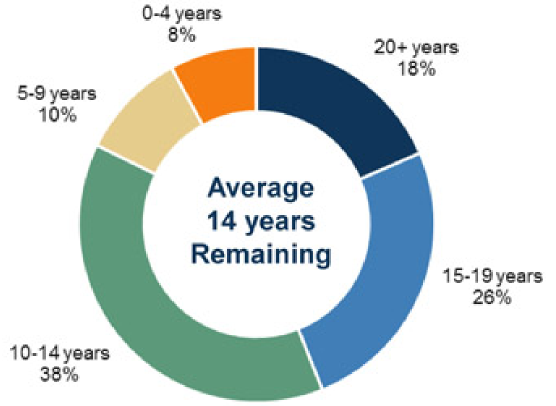
1. Determined based on Total Net MW after giving pro forma effect to the acquisition of European platform.
2. Determined based on TERP projected 2018 revenue pro forma for European platform acquisition.
3. Assets remunerated through the Spanish guaranteed return on deemed investment (RAB) regime (see Slide 28).

Long Term Stable Cash Flows

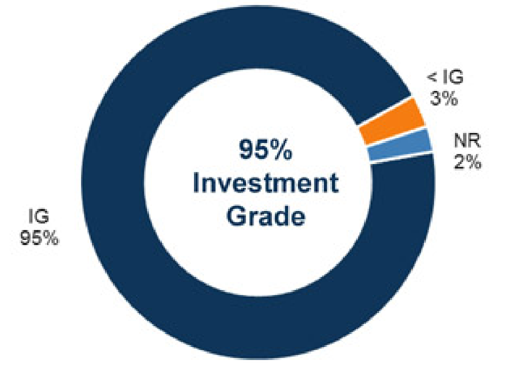
~14 years[1] of **contracted cash flow** with creditworthy offtakers

~95% of cash flows[2] are under long-term contract or regulatory framework[3]

Tenor of Offtake Contracts[1]



Creditworthy Investment Grade Offtakers[1]



1. Tenor of Offtake Contracts and Offtaker Credit Ratings are calculated based on Total Net MW after giving pro forma effect to the acquisition of European platform. Offtaker Credit Rating indicates "IG" if rated as Investment Grade by either Moody's or S&P, "NR" if not rated by either 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.
2. Determined based on TERP projected 2018 revenue pro forma for European platform.
3. Assets remunerated through the Spanish guaranteed return on deemed investment (RAB) regime (see Slide 28).

Generation and Revenue

	(GWh)			(MILLIONS)			
	Actual Generation		LTA Generation	Operating Revenue, Net		Adjusted Revenue[1]	
	Q3 2018	Q3 2017	Q3	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Wind							
Central Wind	360	337	445	$ 12	$ 10	$ 21	$ 18
Texas Wind	320	290	349	$ 10	$ 12	$ 7	$ 7
Hawaii Wind	72	74	87	$ 13	$ 13	$ 13	$ 14
Northeast Wind	152	153	175	$ 9	$ 11	$ 12	$ 14
International Wind[2]	148	-	164	$ 14	$ -	$ 14	$ -
	1,052	**854**	**1,220**	**$ 58**	**$ 46**	**$ 67**	**$ 53**
Solar							
North America Utility Solar	302	304	319	$ 48	$ 49	$ 52	$ 53
International Utility Solar	58	54	52	$ 7	$ 8	$ 7	$ 7
Distributed Generation	167	166	177	$ 39	$ 50	$ 38	$ 43
	527	**524**	**548**	**$ 94**	**$ 107**	**$ 97**	**$ 103**
Regulated Solar and Wind[2]	**427**	**-**	**482**	**$ 94**	**$ -**	**$ 104**	**$ -**
Total	**2,006**	**1,378**	**2,250**	**$ 246**	**$ 153**	**$ 268**	**$ 156**

(1) Non-GAAP measures. See "Calculation and Use of Non-GAAP Measures" and "Reconciliation of Non-GAAP Measures" sections. Adjusted for unrealized (gain) loss on commodity contract derivatives, amortization of favorable and unfavorable rate revenue contracts, other non-cash items, and sale of our UK solar and Residential portfolios.

(2) LTA generation includes preliminary view for the European platform based on 2019 Budget until LTAs are finalized.

- LTA annual generation is expected generation at the point of delivery net of all recurring losses and constraints. We expect that our wind and solar fleet will be able to produce at LTA on a run rate basis during 2019 as we improve the performance of our fleet
- 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 wind conditions and irradiance conditions will vary from one period to the next; however, we expect our facilities will produce electricity in-line with their LTA over time

Selected Income Statement and Balance Sheet Information

The following tables present selected income statement and balance sheet information by operating segment:

Income Statement

(MILLIONS)		Three months ended Sep 30 2018		2017
Net income (loss)				
Solar		**38**		46
Wind		**(30)**		(37)
Regulated Solar and Wind		**24**		-
Corporate		**(51)**		(45)
Total	**$**	**(19)**	$	(36)
Adjusted EBITDA				
Solar		**84**		88
Wind		**36**		28
Regulated Solar and Wind		**83**		-
Corporate		**(6)**		(6)
Total	**$**	**197**	$	110
CAFD				
Solar		**54**		60
Wind		**(1)**		(10)
Regulated Solar and Wind		**33**		-
Corporate		**(40)**		(31)
Total	**$**	**46**	$	19

Balance Sheet

(MILLIONS)		Sep 30, 2018		Dec 31, 2017
Total Assets				
Solar		**2,826**		2,897
Wind		**3,828**		3,401
Regulated Solar and Wind		**2,787**		-
Corporate		**135**		89
Total	**$**	**9,576**	$	6,387
Total Liabilities				
Solar		**1,170**		1,145
Wind		**1,216**		884
Regulated Solar and Wind		**1,892**		-
Corporate		**2,441**		1,929
Total	**$**	**6,719**	$	3,958
Total Equity and NCI				
Solar		**1,656**		1,752
Wind		**2,613**		2,517
Regulated Solar and Wind		**895**		-
Corporate		**(2,306)**		(1,840)
Total	**$**	**2,857**	$	2,429

Operating Segments

Wind

Overview

- 1,770 MW of net capacity
- 25 sites in diverse geographies
- Average remaining PPA life of 12 years
- Average offtaker credit rating of A2
- Recently constructed assets (average 5 years old) with primarily top tier turbines

Contracted cash flows

- Substantially all generation is contracted with investment grade counterparties, such as state utilities or financial institutions
- We are paid the contracted price per MWh for all electricity our wind farms produce

The following table presents selected key performance metrics for our Wind segment:

	Three months ended Sep 30			
(MILLIONS, UNLESS NOTED)		2018		2017
Capacity (MW)		**1,770**		1,531
LTA Generation[1]		**1,220**		1,056
Generation (GWh)		**1,052**		854
Adjusted Revenue	**$**	**67**	$	53
Average Adj. Revenue per MWh	**$**	**64**	$	62

(1) LTA generation includes preliminary view for International Wind based on 2019 Budget until LTAs are finalized.

Wind (continued)

(MILLIONS, UNLESS NOTED)	Three months ended Sep 30 2018[1]	2017
Adjusted revenue	**67**	53
Direct operating costs	**(31)**	(25)
Adjusted EBITDA	**$ 36**	$ 28
Adjusted interest expense	**(15)**	(23)
Levelized principal repayments	**(17)**	(13)
Distributions to NCI	**(4)**	(3)
Sustaining capital expenditures	**(2)**	(1)
Other	**1**	2
CAFD	**$ (1)**	$ (10)
Adjusted EBITDA	**36**	28
Interest expense	**(14)**	(22)
Depreciation and amortization	**(49)**	(43)
Other	**(3)**	-
Net (loss)	**$ (30)**	(37)

(MILLIONS, EXCEPT AS NOTED)	Actual Generation (GWh) Q3 2018	Q3 2017	Average Adj. Revenue per MWh Q3 2018	Q3 2017
Central Wind	360	337	$ 56	$ 53
Texas Wind	320	290	22	24
Hawaii Wind	72	74	182	190
Northeast Wind	152	153	79	91
International Wind[1]	148	-	93	-
Total	**1,052**	**854**	**$ 64**	**$ 62**

(1) Includes Portugal Wind and Uruguay Wind.

Performance Highlights

- Including acquired European platform Wind assets in 2018, Adjusted EBITDA and CAFD were $36 million and ($1 million), respectively, versus $28 million and ($10 million), respectively, in Q3 2017
  - Adjusted EBITDA increased $8 million versus Q3 2017, primarily due to acquired European platform Wind assets and higher resource versus prior year partially offset by lower incentive pricing in the Northeast
  - CAFD was $9 million higher than in Q3 2017 due to increased EBITDA, interest savings relating to the refinancing of the MidCo term loan with corporate level debt offset in part by addition of European platform debt service costs
  - Net loss was $30 million, $7 million lower than Q3 2017, due to the addition of European platform and repayment of the MidCo term loan
- Sustaining capital expenditures are reported based on long-term averages starting in 2018. The wind fleet will record $7 million annually ($2 million per quarter), substantially higher than the $2 million recorded in FY 2017 due to return to normalized run rate capital expenditure required on the fleet

Solar

Overview

- 1,081 MW of net capacity
- 521 sites in diverse geographies
- Average remaining PPA life of 17 years
- Average offtaker credit rating of Aa3
- Diverse mix of high quality modules

Contracted cash flows

- Utility scale – generation contracted by investment grade counterparties (such as state utilities)
- Distributed generation – mostly behind the meter generation contracted by investment grade public offtakers (municipalities, universities, schools, hospitals), commercial and industrial offtakers
- We are paid the contracted price per MWh for all electricity our plants produce

The following table presents selected key performance metrics for our Solar segment:

(MILLIONS, UNLESS NOTED)	Three months ended Sep 30 2018	Three months ended Sep 30 2017
Capacity (MW)	**1,081**	1,075
LTA Generation (GWh)	**548**	545
Generation (GWh)	**527**	524
Adjusted Revenue	**$ 97**	$ 103
Average Adj. Revenue per MWh	**$ 184**	$ 197

(MILLIONS, UNLESS NOTED)	Three months ended Sep 30 2018	2017
Adjusted revenue	97	103
Direct operating costs	(13)	(15)
Adjusted EBITDA	$ 84	$ 88
Adjusted interest expense	(16)	(15)
Levelized principal repayments	(13)	(11)
Distributions to NCI	(3)	(3)
Other	2	1
CAFD	$ 54	$ 60
Adjusted EBITDA	84	88
Interest expense	(16)	(15)
Depreciation and amortization	(30)	(29)
Other	-	2
Net income	$ 38	$ 46

	Actual Generation (GWh)		Average Adj. Revenue per MWh	
(MILLIONS, EXCEPT AS NOTED)	Q3 2018	Q3 2017	Q3 2018	Q3 2017
North America Utility Solar	302	304	$ 172	$ 174
International Utility Solar	58	54	120	128
Distributed Generation	167	166	227	260
Total	527	524	$ 184	$ 197

Performance Highlights

- Adjusted EBITDA and CAFD were $84 million and $54 million, respectively, versus $88 million and $60 million, respectively, in Q3 2017
  - Adjusted EBITDA decrease driven lower incentive revenue due to timing of incentive revenue invoicing and the First Energy Solution bankruptcy in Q1 2018
  - CAFD decreased $6 million due to lower Adjusted EBITDA, and increased debt service costs relating to the Saeta acquisition funding plan
- Net income of $38 million was $8 million lower than in Q3 2017 primarily due to decreased EBITDA, and debt service costs relating to the Saeta acquisition funding plan

Regulated Solar and Wind

Overview

- 788 MW of net capacity
- 21 sites in diverse geographies
- Average remaining PPA life of 15 years
- Average offtaker credit rating of Baa1 (Government of Spain)

Regulated cash flows

Regulated revenues are comprised of three components

- Return on Investment (RI) is a capacity payment sized, along with forecasted market revenues, to earn the regulated return as determined by the Spanish regulator
- Return on Operation (RO) is a payment per MWh for Concentrated Solar Plants (CSP) to cover cost of operations in excess of forecasted market prices
- Market revenues are realized from selling power that is produced into the wholesale market
- The RI and RO are reset every three years (see Appendix for further details)

The following table presents selected key performance metrics for our Regulated Solar and Wind segment:

(MILLIONS, UNLESS NOTED)	Three months ended Sep 30 Actual Results	Three months ended Sep 30 Average Adj. Revenue
Capacity (MW)	788	
Generation (GWh)	427	
Return on Investment Revenue	$ 58	$25 per KW per month
Return on Operation Revenue [1]	$ 14	$54 / MWh
Market Revenue	$ 32	$76 / MWh
Adjusted Revenue	$ 104	$244 / MWh

(1) Includes Revenue for 263 MWh of generation for CSP.

Regulated Solar and Wind (continued)

(MILLIONS, UNLESS NOTED)	Three months ended Sep 30 2018
Adjusted revenue	104
Direct operating costs	(21)
Adjusted EBITDA	$ 83
Adjusted interest expense	(17)
Levelized principal repayments	(27)
Sustaining capital expenditures	-
Other	(6)
CAFD	$ 33
Adjusted EBITDA	83
Interest expense	(10)
Income taxes	(2)
Depreciation and amortization	(34)
Regulated Solar and Wind price band adjustment	(10)
Other	(3)
Net income	$ 24

Performance Highlights

- Adjusted EBITDA and CAFD were $83 million and $33 million, respectively
- High prices in Spain generated better than expected market revenues. This was offset in part by lower Wind production, which was 15% below budget, and lower irradiation in the CSP plants, which was 9% below budget
- Net income was $24 million with interest and income taxes in line with expectations

Corporate

The following table presents our Corporate segment's financial results:

(MILLIONS, UNLESS NOTED)		Three months ended Sep 30 2018	2017
Direct operating costs		(6)	(6)
Adjusted EBITDA	$	(6)	(6)
Management fees		(4)	-
Adjusted interest expense		(30)	(25)
CAFD	$	(40)	(31)
Adjusted EBITDA		(6)	(6)
Interest expense		(32)	(33)
Income tax (expense)/benefit		(2)	1
Acquisition and related costs		(2)	-
Non-operating general and administrative expenses		(6)	(13)
Other		(3)	6
Net loss	$	(51)	(45)

Performance Highlights

- Direct operating costs were in line with Q3 2017
- Interest expense was higher than Q3 2017, primarily driven by revolver and sponsor line draws to fund the Saeta transaction and interest expense on the $350 million Term Loan B issued in Q4 2017 to replace Midco debt within the Wind segment. These were offset in part by the Q4 2017 refinancing of our high yield bonds with interest saving of ~200 bps, and the savings from the repricing of the Term Loan B in Q2 2018 (spread reduction of ~75 bps)
- Net loss of $51 million was broadly in line with Q3 2017

Liquidity

We operate with sufficient liquidity to enable us to fund expected growth initiatives, capital expenditures, and distributions, and to provide protection against any sudden adverse changes in economic circumstances or short-term fluctuations in generation

Principal sources of liquidity are cash flows from operations, our credit facilities, up-financings of subsidiary borrowings and proceeds from the issuance of securities

Corporate liquidity and available capital were $817 million and $1,355 million, respectively, as of September 30, 2018:

(In millions)	September 30, 2018		December 31, 2017	
Unrestricted corporate cash	$	111	$	47
Project-level distributable cash		37		21
Cash available to corporate		148		68
Credit facilities:				
Committed revolving credit facility [(1)]		739		450
Drawn portion of revolving credit facilities		(488)		(60)
Revolving line of credit commitments		(83)		(103)
Undrawn portion of Sponsor Line		500		500
Available portion of credit facilities		669		787
Corporate liquidity	$	817	$	855
Other project-level unrestricted cash		201		60
Project-level restricted cash		160		97
Project-level credit commitments		176		3
Available capital	$	1,355	$	1,015

(1) Excludes $ 150 million accordion facility; Includes $ 139 million of Saeta corporate facilities, which have been canceled subsequent to September 30, 2018.

Maturity Profile

TerraForm Power

We finance our assets primarily with project level debt that generally has long-term maturities that amortize over the contract life, few restrictive covenants and no recourse to either TerraForm Power or other projects

We have long-dated, staggered debt maturities

The following table summarizes our scheduled principal repayments, overall maturity profile and average interest rates associated with our borrowings over the next five years:

(MILLIONS)	Weighted Average Life (years)	Remainder of 2018	2019	2020	2021	2022	Thereafter	Total	Weighted Average Interest Rate
Principal Repayments									
Corporate borrowings									
Notes	7	$ -	$ -	$ -	$ -	$ -	$ 1,500	$ 1,500	5.1%
Term Loan	4	1	4	4	4	336	0	347	4.0%
Revolver	3	0	0	0	482	0	0	482	5.0%
Total corporate	6	1	4	4	486	336	1500	2329	4.9%
Non-recourse debt									
Utility scale	17	19	38	43	44	46	680	869	5.9%
Distributed generation	6	3	28	18	18	20	156	244	4.9%
Solar	28	22	66	61	62	66	836	1113	5.7%
Wind	9	21	72	74	75	229	520	992	5.2%
Regulated energy	6	47	115	112	118	124	1036	1551	4.0%
Total non-recourse	14	90	253	247	255	419	2392	3656	4.8%
Total borrowings	11	$ 91	$ 257	$ 250	$ 741	$ 755	$ 3,892	$ 5,986	4.9%
		2%	4%	4%	12%	13%	65%		

Contract Profile

The following table sets out our contracted generation over the next five years as a percentage of expected generation. We currently have a contracted profile of approximately 97% of future generation and our goal is to maintain this profile going forward

For the Year ended September 30	2018	2019	2020	2021	2022
Contracted					
Solar	100%	100%	100%	100%	100%
Wind	94%	92%	88%	84%	83%
Regulated Solar and Wind	100%	100%	100%	100%	100%
TERP	**97%**	**96%**	**94%**	**92%**	**92%**
Uncontracted					
Wind	6%	8%	12%	16%	17%
TERP	**3%**	**4%**	**6%**	**8%**	**8%**

Our portfolio has a weighted-average remaining contract duration of ~14 years. Over the next five years, contracts accounting for 8% of our expected generation expire. We are focused on securing long-term contracts through recontracting or repowering as these contracts expire

The majority of our long-term power purchase agreements are with investment-grade counterparties. The composition of our counterparties under power purchase agreements is as follows:

- Public utilities: 56%
- Government institutions: 26%
- Financial institutions: 12%
- Commercial and industrial customers: 6%

Appendix 1 - Reconciliation of Non-GAAP Measures

Reconciliation of Non-GAAP Measures for the Three and Nine Months Ended September 30

TerraForm POWER

(MILLIONS, EXCEPT AS NOTED)	Three Months Ended September 30, 2018					Three Months Ended September 30, 2017			
	Solar	Wind	Regulated Spain	Corp	Total	Solar	Wind	Corp	Total
Revenue	$ 95	$ 57	$ 94	$ -	$ 246	$ 107	$ 46	$ -	$ 153
Unrealized (gain) loss on commodity contract derivatives, net (a)	-	2	-	-	2	-	(4)	-	(4)
Amortization of favorable and unfavorable rate revenue contracts, net (b)	2	8	-	-	10	2	9	-	11
Other non-cash items (c)	-		-	-	-	(5)	-	-	(5)
2017 Incentive revenue recognition recast (m)	-	-	-	-	-	(1)	2	-	1
Regulated Solar and Wind price band adjustment (n)	-	-	10	-	10	-	-	-	-
Adjustment for asset sales	-	-	-	-	-	-	-	-	-
Adjusted revenues	$ 97	$ 67	$ 104	$ -	$ 268	$ 103	$ 53	$ -	$ 156
Direct operating costs (d)	(13)	(31)	(21)	(6)	(71)	(15)	(25)	(6)	(46)
Settled FX gain / (loss)	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	$ 84	$ 36	$ 83	$ (6)	$ 197	$ 88	$ 28	$ (6)	$ 110
Non-operating general and administrative expenses (e)	-	-	-	(6)	(6)	-	-	(13)	(13)
Stock-based compensation expense	-	-	-	-	-	-	-	(2)	(2)
Acquisition and related costs, including affiliate	-	-	-	(2)	(2)	-	-	-	-
Depreciation, accretion and amortization expense (f)	(30)	(49)	(34)	-	(113)	(29)	(43)	-	(72)
Impairment charges	-	-	-	-	-	1	-	-	1
Gain on sale of U.K. renewable energy facilities	-	-	-	-	-	-	-	-	-
Interest expense, net	(16)	(14)	(10)	(32)	(72)	(15)	(22)	(33)	(70)
Income tax benefit (expense)	(1)	(1)	(2)	(2)	(6)	-	-	1	1
Adjustment for asset sales	-	-	-	-	-	-	-	-	-
Regulated Solar and Wind price band adjustment (n)	-	-	(10)	-	(10)	-	-	-	-
Other non-cash or non-operating items (g)	1	(2)	(3)	(3)	(7)	1	-	8	9
Net income (loss)	$ 38	$ (30)	$ 24	$ (51)	$ (19)	$ 46	$ (37)	$ (45)	$ (36)

(MILLIONS, EXCEPT AS NOTED)	Nine Months Ended September 30, 2018					Nine Months Ended September 30, 2017			
	Solar	Wind	Regulated Spain	Corp	Total	Solar	Wind	Corp	Total
Revenue	$ 238	$ 200	$ 115	$ -	$ 553	$ 275	$ 200	$ -	$ 475
Unrealized (gain) loss on commodity contract derivatives, net (a)	-	(3)	-	-	(3)	-	(1)	-	(1)
Amortization of favorable and unfavorable rate revenue contracts, net (b)	6	24	-	-	30	6	24	-	30
Other non-cash items (c)	-	-	-	-	-	(10)	-	-	(10)
2017 Incentive revenue recognition recast (m)	-	-	-	-	-	(12)	3	-	(9)
Regulated Solar and Wind price band adjustment (n)	-	-	10	-	10	-	-	-	-
Adjustment for asset sales	-	-	-	-	-	(15)	-	-	(15)
Adjusted revenues	$ 244	$ 221	$ 125	$ -	$ 590	$ 244	$ 226	$ -	$ 470
Direct operating costs (d)	(39)	(85)	(25)	(20)	(169)	(40)	(79)	(23)	(142)
Settled FX gain / (loss)	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	$ 205	$ 136	$ 100	$ (20)	$ 421	$ 204	$ 147	$ (23)	$ 328
Non-operating general and administrative expenses (e)	-	-	-	(38)	(38)	-	-	(67)	(67)
Stock-based compensation expense	-	-	-	-	-	-	-	(7)	(7)
Acquisition and related costs, including affiliate	-	-	-	(15)	(15)	-	-	-	-
Depreciation, accretion and amortization expense (f)	(89)	(137)	(41)	(2)	(269)	(88)	(125)	(2)	(215)
Impairment charges	(15)	-	-	-	(15)	-	-	-	-
Gain on sale of U.K. renewable energy facilities	-	-	-	-	-	37	-	-	37
Interest expense, net	(46)	(36)	(6)	(89)	(177)	(55)	(65)	(88)	(208)
Income tax benefit (expense)	(1)	(1)	(4)	(3)	(9)	-	-	2	2
Adjustment for asset sales	-	-	-	-	-	10	-	-	10
Regulated Solar and Wind price band adjustment (n)	-	-	(10)	-	(10)	-	-	-	-
Other non-cash or non-operating items (g)	1	(4)	(3)	(5)	(11)	17	-	9	26
Net income (loss)	$ 55	$ (42)	$ 36	$ (172)	$ (123)	$ 125	$ (43)	$ (176)	$ (94)

(MILLIONS, EXCEPT AS NOTED)	Three Months Ended September 30, 2018					Three Months Ended September 30, 2017			
	Solar	Wind	Regulated Spain	Corp	Total	Solar	Wind	Corp	Total
Adjusted EBITDA	$ 84	$ 36	$ 83	$ (6)	$ 197	$ 88	$ 28	$ (6)	$ 110
Fixed management fee	-	-	-	(3)	(3)	-	-	-	-
Variable management fee	-	-	-	(1)	(1)	-	-	-	-
Adjusted interest expense (h)	(16)	(15)	(17)	(30)	(78)	(15)	(23)	(25)	(63)
Levelized principal payments (i)	(13)	(17)	(27)	-	(57)	(11)	(13)	-	(24)
Cash distributions to non-controlling interests (j)	(3)	(4)	-	-	(7)	(3)	(3)	-	(6)
Sustaining capital expenditures (k)	-	(2)	-	-	(2)	-	(1)	-	(1)
Adjustment for asset sales	-	-	-	-	-	-	-	-	-
Other (l)	2	1	(6)	-	(3)	1	2	-	3
Cash available for distribution (CAFD) (m)	$ 54	$ (1)	$ 33	$ (40)	$ 46	$ 60	$ (10)	$ (31)	$ 19 $ -

(MILLIONS, EXCEPT AS NOTED)	Nine Months Ended September 30, 2018					Nine Months Ended September 30, 2017			
	Solar	Wind	Regulated Spain	Corp	Total	Solar	Wind	Corp	Total
Adjusted EBITDA	$ 205	$ 136	$ 100	$ (20)	$ 421	$ 204	$ 147	$ (23)	$ 328
Fixed management fee	-	-	-	(8)	(8)	-	-	-	-
Variable management fee	-	-	-	(3)	(3)	-	-	-	-
Adjusted interest expense (h)	(45)	(36)	(21)	(82)	(184)	(45)	(63)	(76)	(184)
Levelized principal payments (i)	(36)	(43)	(32)	-	(111)	(34)	(41)	-	(75)
Cash distributions to non-controlling interests (j)	(8)	(11)	-	-	(19)	(10)	(13)	-	(23)
Sustaining capital expenditures (k)	-	(6)	-	-	(6)	-	(1)	-	(1)
Adjustment for asset sales	-	-	-	-	-	-	-	-	-
Other (l)	5	10	(5)	-	10	6	11	-	17
Cash available for distribution (CAFD) (m)	$ 121	$ 50	$ 42	$ (113)	100	$ 121	$ 40	$ (99)	$ 62

Reconciliation of Non-GAAP Measures for the Three and Nine Months Ended September 30

a) Represents unrealized (gain)/loss on commodity contracts associated with energy derivative contracts that are accounted for at fair value with the changes recorded in operating revenues, net. The amounts added back represent changes in the value of the energy derivative related to future operating periods, and are expected to have little or no net economic impact since the change in value is expected to be largely offset by changes in value of the underlying energy sale in the spot or day-ahead market.

b) Represents net amortization of purchase accounting related to intangibles arising from past business combinations related to favorable and unfavorable rate revenue contracts.

c) Primarily represents recognized deferred revenue related to the upfront sale of investment tax credits.

d) In the three months ended September 30, 2017, reclassifies $0.5 million wind sustaining capital expenditure into direct operating costs, which will now be covered under a new Full Service Agreement. In the nine months ended September 30, 2017, reclassifies $7 million wind sustaining capital expenditure into direct operating costs.

e) Pursuant to the Management Services Agreement, SunEdison agreed to provide or arrange for other service providers to provide management and administrative services to us. In the three months ended Sep 30, 2017, we accrued costs incurred for management and administrative services that were provided by SunEdison under the Management Services Agreement that were not reimbursed by TerraForm Power and were treated as an addback in the reconciliation of net loss to Adjusted EBITDA. In addition, 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 loss to Adjusted EBITDA. These items include extraordinary costs and expenses related primarily to restructuring, legal, advisory and contractor fees associated with the bankruptcy of SunEdison and certain of its affiliates (the "SunEdison bankruptcy") and investment banking, legal, third party diligence and advisory fees associated with the Brookfield transaction, dispositions and financings. The Company's normal general and administrative expenses, paid by Terraform Power, are the amounts shown below and were not added back in the reconciliation of net loss to Adjusted EBITDA ($ in millions):

Q3 2018	Q3 2017	YTD 2018	YTD 2017
$6 M	$6 M	$20 M	$23 M

f) 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.

g) 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.

h) Represents project-level and other interest expense and interest income attributed to normal operations. The reconciliation from Interest expense, net as shown on the Unaudited Condensed Consolidated Statement of Operations to adjusted interest expense applicable to CAFD is as follows:

$ in millions	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Interest expense, net	**($72)**	**($70)**	**($177)**	**($208)**
Amortization of deferred financing costs and debt discounts	3	10	7	20
Amortization of interest expense - Affiliate	-	-	1	-
Adjustment for asset sales	-	-	-	8
Fair value changes in interest rate swaps in Saeta	(3)	-	(11)	-
Other	(5)	(3)	(3)	(4)
Adjusted interest expense	**($77)**	**($63)**	**($184)**	**($184)**

Reconciliation of Non-GAAP Measures for the Three and Nine Months Ended September 30 (Continued)

i) Represents levelized project-level and other principal debt payments to the extent paid from operating cash.

j) Represents cash distributions paid to non-controlling interests in our renewable energy facilities. The reconciliation from Distributions to non-controlling interests as shown on the Unaudited Condensed Consolidated Statement of Cash Flows to Cash distributions to non-controlling interests, net for the three months ended September 30, 2018 and 2017 is as follows:

$ in millions	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Distributions to non-controlling interests	**($7)**	**($6)**	**($18)**	**($23)**
Adjustment for non-operating cash distributions	-	-	1	-
Cash distributions to non-controlling interests, net	**($7)**	**($6)**	**($17)**	**($23)**

k) Represents long-term average sustaining capex starting in 2018 to maintain reliability and efficiency of the assets.

l) 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.

m) CAFD in 2017 was recast as follows to present the levelized principal payments, adjusted interest expense, and incentive revenue recognition recast to provide period to period comparisons that are consistent and more easily understood. The 2017 incentive revenue was recast based on an estimate in the same proportions as the 2018 phasing, which differs from the actual 2017 phasing due to the adoption of the revenue recognition standard. In the twelve months ended December 31, 2017, CAFD remained $88 million as reported previously.

$ in millions	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
Cash available for distribution (CAFD) before debt service reported	**$104**	**$120**	**$106**	**$91**	**$421**
Levelized principal payments	(25)	(25)	(25)	(24)	(99)
Adjusted interest expense	(60)	(61)	(63)	(50)	(234)
Estimated incentive revenue recognition recast	(1)	(9)	1	9	-
Cash available for distribution (CAFD), recast	**$18**	**$25**	**$19**	**$26**	**$88**

n) 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 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.

Appendix 2 – Additional Information

Annualized Long-term Average Generation

GENERATION (GWh) (1)	Q1	Q2	Q3	Q4	Total
Wind (2)(4)					
Central Wind	779	664	445	762	2,650
Texas Wind	454	472	349	438	1,713
Northeast Wind	324	227	175	297	1,023
International Wind	187	160	164	188	699
Hawaii Wind	66	80	87	74	307
	1,810	**1,603**	**1,220**	**1,759**	**6,392**
Solar (3)					
North America Utility Solar	219	343	319	193	1,074
International Utility Solar	66	49	52	73	240
Distributed Generation	115	185	177	103	580
	400	**577**	**548**	**369**	**1,894**
Regulated Solar and Wind (4)					
Spain Wind	361	243	193	249	1,047
CSP	80	244	289	55	668
	80	**488**	**482**	**304**	**1,715**
Total	**2,290**	**2,668**	**2,250**	**2,432**	**10,000**

(1) LTA is calculated on an annualized basis from the beginning of the year, regardless of the acquisition or commercial operation date.

(2) Wind Long Term Average Annual Generation is the expected average generation resulting from simulations using historical w ind speed data normally from 1997 to 2016 (20 years), adjusted to the specific location and performance of the different w ind farms.

(3) Solar Long Term Average Annual Generation is the expected average generation resulting from simulations using historical solar irradiance level data normally from 1998 to 2016 (19 years), adjusted to the specific location and performance of the different sites.

(4) LTA generation includes preliminary view for European platform based on 2019 Budget until LTAs are finalized.

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 regulator may take factors such as interest rates, the equity market premium, etc. into account when making its recommendation, and any change to the regulated rate of return must be proposed by the Spanish government and approved by a decree of parliament. To the extent there is no decree of parliament, the regulated rate of return will remain unchanged. In early November, after receiving input from stakeholders, the regulator made a final non-binding recommendation to reset the regulated rate of return to 7.09% from the current 7.40%. Based on this recommendation and other considerations, parliament may decide to change the regulated rate

Calculation and Use of Non-GAAP Measures

Adjusted Revenue, Adjusted EBITDA and CAFD 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 not necessarily be the same as those used by other companies. These Non-GAAP measures have certain limitations, which are described below, and they should not be considered in isolation. 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, (ii) amortization of favorable and unfavorable rate revenue contracts, net, and (iii) an adjustment for wholesale market revenues to the extent above or below the regulated price bands.

We define Adjusted EBITDA as net income (loss) plus depreciation, accretion and amortization, non-cash general and administrative costs, interest expense, income tax (benefit) expense, acquisition related expenses, and 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 cash distributions paid to non-controlling interests in our renewable energy facilities, if any, (ii) minus annualized scheduled interest and project level amortization payments in accordance with the related borrowing arrangements, (iii) 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, (iv) plus or minus operating items as necessary to present the cash flows we deem representative of our core business operations.

As compared to the preceding period, we revised our definition of CAFD to (i) exclude adjustments related to deposits into and withdrawals from restricted cash accounts, required by project financing arrangements, (ii) replace sustaining capital expenditures payment made in the year with the average annualized long-term sustaining capital expenditures to maintain reliability and efficiency of our assets, and (iii) annualized debt service payments. We revised our definition as we believe it provides a more meaningful measure for investors to evaluate our financial and operating performance and ability to pay dividends. For items presented on an annualized basis, we will present actual cash payments as a proxy for an annualized number until the period commencing January 1, 2018.

Furthermore, to provide investors with the most appropriate measures to assess the financial and operating performance of our existing fleet and the ability to pay dividends in the future, we have excluded results associated with our UK solar and Residential portfolios, which were sold in 2017, from adjusted revenue, EBITDA and CAFD reported for all periods.

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 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 and among us and our peer companies 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 goodwill 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 dividends. 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 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 it allows 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.

NASDAQ:

TERP

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Letter to Shareholders

In the third quarter, TerraForm Power's results demonstrated the benefits of its diversified asset base. Strong wholesale power prices drove an increase in market revenues in Spain, which helped offset lower production from our North American wind fleet. Overall, our CAFD increased to $46 million from $19 million in the same period last year, primarily due to the contribution from our European platform.

Since the beginning of the year, we have made great strides in extracting additional cash flow from our existing assets. Once we fully implement our long-term service agreements ("LTSAs") with GE, we expect to deliver significant cost savings, improve the performance of our fleet to our long-term expectation and further increase our wind output through deployment of GE's proprietary technology. Additionally, we are in process of renegotiating the operations and maintenance contracts of Saeta's wind fleet and executing our performance improvement plan to increase production of our solar fleet in North America.

As we look forward, we are turning our focus to deploying capital to grow our business. We have a portfolio of organic growth opportunities, including repowerings of selected wind assets, that we are continuing to progress. Additionally, we have ramped up our pipeline of add-on acquisitions, which will be an important driver of growth that leverages our business development and operational scale in North America and Europe.

Operations

We are pleased to report that we completed the battery replacement project at our KWP II wind farm in Hawaii on budget and ahead of schedule. We successfully commissioned the lithium ion batteries in October. In addition, we have been working diligently to implement the framework agreement with GE for turbine O&M and balance of plant services for our 1.6 GW North American wind fleet. We are putting in place all of the project-level agreements, and we are completing necessary repair of wind turbine blades as well as other "catch up" work from prior years in preparation for handover. In parallel, we are working to obtain lender and tax equity partner consents to change operators, and in certain situations, we are in negotiations with current service providers for early termination of our existing service contracts. We expect full implementation of the LTSAs within the first half of 2019. Finally, we recently launched a competitive process to reduce O&M costs and strengthen performance guarantees associated with Saeta's wind fleet. We expect to finalize this process in the fourth quarter of 2018 and enter into long-term contracts that generate savings of at least 15% compared to existing costs.

We commenced our solar performance improvement plan this summer. After performing irradiation scans of our North American assets, we identified opportunities to increase production by at least 52 GWh to achieve our long term average production. We are now working on business cases to quantify the required capital investment and the corresponding revenue increase that is achievable. Following an analysis of an initial subset of high priority facilities, we have implemented remediation plans to restore 45 GWh of production, which we believe equates to $7.5 million in additional annual revenue. We will continue our business case analysis on the remaining assets, and we believe there is significant additional revenue upside. We expect to have the solar fleet performing at our LTA targets by the end of the first quarter of 2019.

Growth Initiatives

We have been pursuing a number of strategies to build our acquisition pipeline. We believe that there is a consolidation play in Spanish renewables, which is very fragmented with many assets owned by private, under-capitalized developers. We believe that we can acquire assets at prices that yield attractive returns and extract cost synergies by integrating these assets into our European platform. Following the recent election, we are evaluating a number of opportunities to invest in Mexican renewables. Particularly after the decision to cancel the new Mexico City airport, we believe there is greater uncertainty, which may translate to attractive risk-adjusted returns.

Financial Results

In the third quarter, our portfolio delivered Adjusted EBITDA, Net Loss and CAFD of $197 million, $19 million and $46 million, respectively. This represents an increase in Adjusted EBITDA of $87 million, a decrease in Net Loss of $17 million and an increase in CAFD of $27 million, compared to the same period last year. The increase in our results primarily reflects a full quarter contribution from the Saeta acquisition. Savings in corporate interest expense resulting from our Q4 2017 refinancing initiatives were largely offset by lower wind incentive revenue in the Northeast, timing of incentive revenue invoicing, and the impact of ongoing maintenance to prepare the wind fleet for LTSA implementation.

North American wind production was slightly higher than Q3 2017, though at levels significantly below our long-term averages. While poor wind resource, particularly in Hawaii and the Midwest, was the main driver, revenues were also impacted by greater than normal maintenance, which will be largely mitigated upon full implementation of our LTSAs with GE. Our European platform performed in-line with expectations, with lower than expected solar resource offset by higher than expected market revenues due to wholesale electricity prices in Spain which year-to-date have averaged 10% higher than the prior year.

In the past few months, there were four hurricanes or tropical storms that impacted regions in which we own assets. In each instance, our emergency preparedness plans were in effect prior to the storms making landfall. The impact of these storms on our assets was minimal, and all of our assets were back online shortly after the storm events.

Liquidity Update

During the quarter, we made progress on the $350 million non-recourse debt financing plan for the Saeta acquisition. In September, we closed the second project financing of certain of our unencumbered assets in the U.S., yielding net proceeds of ~$77 million. The financing is a fully amortizing structure with a final maturity of 14 years and a very attractive coupon of 4.64% that implies a spread over U.S. treasuries of 165 basis points. In September, we closed a €50 million upfinancing of the Montegordo wind farm in Spain, yielding net proceeds of €12 million and optimizing the project's CAFD profile. The loan is fully amortizing with a final maturity of 12 years and a blended interest rate of approximately 4.2%. Additionally, we recently launched a financing of a portfolio of utility scale and distributed solar assets from which we are targeting to raise approximately $100 million, with an expected close in the fourth quarter. Over the next three months, we plan to launch the final project financing to raise the balance of the $350 million of proceeds. Once the financings are completed, Terraform Power's liquidity will be restored to over $900 million, providing significant dry powder to invest in attractive opportunities that we find within the sector.

Finally, in early October, we made certain amendments to our existing $600 million revolver to bring pricing in-line with our Term Loan B. We extended the tenor by two years (through 2023), refreshed the $150 million accordion feature, and reduced commitment fees by 12.5 basis points and the drawn spread by 75 basis points. We also cancelled Saeta's €120 million revolving credit facility. Together, these actions are expected to yield ~$3 million of annual interest savings on a run-rate basis.

Overview of Spanish Regulatory Framework

Since it is the first full quarter of contribution from our European platform, we thought it would make sense to do a deep dive into the Spanish regulatory framework, which is expected to comprise approximately 34% of TerraForm Power's consolidated revenue. 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 regulator may take factors such as interest rates, the equity market premium, etc. into account when making its recommendation, and any change to the regulated rate of return must be proposed by the Spanish government and approved by a decree of parliament. To the extent there is no decree of parliament, the regulated rate of return will remain unchanged. In early November, after receiving input from stakeholders, the regulator made a final non-binding recommendation to reset the regulated rate of return to 7.09% from the current 7.40%. Based on this recommendation and other considerations, parliament may decide to change the regulated rate.

With the acquisition of Saeta, TerraForm Power has further solidified its cash flow, with over 95% of its revenue either under long term contract or benefiting from a regulated framework. Approximately 38% of TerraForm Power's revenue is generated from wind assets, 29% from solar assets and 34% from wind and solar assets under the Spanish regulatory framework. In addition to the geographic diversity across North America and Europe, capacity payments account for over 20% of TerraForm Power's revenues.

Regulatory Update

In September, California enacted legislation that establishes a framework for the California Public Utilities Commission to decide the amount of wildfire-related liability that utilities can pass on to ratepayers. While the legislation establishes a cap on utility shareholder exposure to wildfire losses under most circumstances, it provides that utilities can still be held accountable for a fire if its infrastructure is substantially involved in an incident. While the legislation was considered credit positive for California utilities, all three rating agencies have recently downgraded PG&E – the California utility with the largest potential wildfire liability. In total, 12% of our MW under long term contracts have counterparties that are California utilities. But with less than 1% of our MW and projected revenue contracted specifically with PG&E, TerraForm Power's exposure to this potential credit risk is minimal.

In early October, the Spanish Government suspended the 7% generation tax through Q1 2019, subject to Parliamentary approval. The intent of the action is to reduce wholesale market prices and, as a result, the rates that residential customers pay for power. Since the generation tax is a significant component of generators' cost structure, policy makers expect that this will reduce their bidding price in the wholesale market. Furthermore, the suspension of the generation tax will be combined with reductions in the regulated components of revenue by a commensurate amount. Thus, the value of the generation tax will be passed on to ratepayers and will have neutral impact on our regulated assets over the long term.

Outlook

With strong consumer sentiment and greater than expected increases in corporate profits, U.S. economic growth continues to be robust. GDP growth was 3.5% for the third quarter and expectations are for growth of 3.1% for the year. With the U.S. unemployment rate at its lowest level in nearly 50 years, many analysts expect long-anticipated wage increases to put upward pressure on inflation. In light of recent economic data, the U.S. Federal Reserve has indicated that it will likely continue raising interest rates. In October, the 10-year U.S. Treasury Notes reached a yield of nearly 3.2%, triggering increased volatility in the equity market. In Europe, economic growth has stabilized with third quarter GDP growth of 1.7% and expectations for the full year hovering around 2%. However, in Spain and Portugal, GDP growth rates remain above the European average. Emerging inflationary pressures driven by falling unemployment, wage growth, and higher oil prices have pushed the European Central Bank to taper its Quantitative Easing program, with the goal of ending it entirely by the end of 2018. Nonetheless, interest rates in Europe remain exceedingly low, with the 10-year Bund hovering just below 0.5%.

Overall, we believe that Terraform Power is well-positioned to execute its business plan across a range of economic outcomes. Over 85% of our debt is fixed rate with no material maturities in the next 4 years, insulating our cash flow from rising rates. Our objective is to grow our dividend by 5% to 8% per year. In our five-year plan, we seek to accomplish this through cost savings, improved performance of our assets, and a modest amount of investment in growth. With our current dividend yield plus our targeted growth, we believe that we can deliver a total return that is attractive to investors, even in a rising interest rate environment. Over the past months, we have been working hard to build up our business development pipeline. For all add-on acquisitions, we will remain disciplined and seek to achieve our targeted returns on equity. To the extent we pursue any larger scale acquisitions, we will use our five-year plan as a yardstick to measure accretion.

Finally, the Board of Directors of TerraForm Power is pleased to announce the appointment of Michael Tebbutt as Chief Financial Officer, effective Monday, November 12th. Michael is a Chartered Accountant and first joined Brookfield Asset Management in 2011. He has held a series of senior finance positions within the group, previously serving as Chief Financial Officer of Brookfield Properties U.S. retail business and Brookfield Infrastructure's Asia Pacific operations. Michael succeeds Matthew Berger, who is rejoining Brookfield Property Group. We want to thank Matt for all of his hard work and contributions over the past year.

As always, we are grateful for your continued support and look forward to updating you on our progress in the coming quarters.

Sincerely,

John Stinebaugh

Chief Executive Officer

November 8, 2018