

**TransAlta Renewables Inc.**  
**Annual Meeting of Shareholders**  
May 4, 2022 — 10:00 a.m. M.T.  
Length: 21 minutes

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## **CORPORATE PARTICIPANTS**

### **David Drinkwater**

*TransAlta Renewables Inc. — Chair of the Board*

### **Scott Jeffers**

*TransAlta Renewables Inc. — Vice President & Corporate Secretary*

### **Robert Millard**

*TransAlta Renewables Inc. — Commercial Vice-President, Legal*

### **Chiara Valentini**

*TransAlta Renewables Inc. — Managing Director, Strategic Finance & Investor Relations*

### **Todd Stack**

*TransAlta Renewables Inc. — President*

## PRESENTATION

### Operator

Good morning. My name is Sylvie and I will be your conference operator today. At this time I would like to welcome everyone to TransAlta Renewables Annual Meeting of Shareholders. Thank you for joining us.

Mr. Drinkwater, you may begin your meeting, sir.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

Good morning, fellow shareholders, and welcome to the annual shareholders meeting of TransAlta Renewables. Thank you for joining us today. I am David Drinkwater, Chair of the Board of Directors.

Although the meeting is being held virtually, we nonetheless welcome questions from our shareholders. Following the formal business of the meeting, Todd Stack, the Company's President, will make a few remarks, and we'll open up the meeting to a Q&A session. As a registered shareholder or a duly appointed proxyholder, you can submit your questions at any time through the text box located on your screen. If your question is specific to a matter of business to be heard at the time of a motion, please make this explicit in your question. Unless otherwise indicated, all questions will be answered during the Q&A session.

I am joined today by Todd Stack, President; Brent Ward, Chief Financial Officer; and Scott Jeffers, Corporate Secretary. Other members of the board of directors and management are joining us by webcast and a representative from Ernst & Young LLP will also be available to answer any questions. In order to

make the best use of our time, certain shareholders have been asked to move and second the resolutions that will be considered at this meeting. I will call on them at the appropriate time.

I would now like to call this meeting to order. In accordance of the bylaws, as Chair of the Board, I will act as chair of the meeting, and Scott Jeffers will act as secretary of the meeting. As a procedural matter, I remind you that only eligible shareholders or proxyholders who held shares at the close of business on March 24, 2022, the record date for the meeting, are entitled to take an active part in the business of the meeting. If you are a registered shareholder or a duly appointed proxyholder and wish to vote during the meeting, you can vote through your ballot on the screen. For those shareholders that are beneficial shareholders and submitted your voting instruction form directly to your intermediary, your votes have already been registered with our transfer agent.

The secretary has provided me with proof that the meeting materials were duly mailed on March 29, 2022 to eligible shareholders of record at the close of business on the record date.

Jennifer Oliver of Computershare Trust Company, the Corporation's registrar and transfer agent, will act as scrutineer. The scrutineers have provided me with a preliminary report on attendance and the count indicates that there are approximately 75% of the common shares outstanding currently represented at the meeting. I therefore declare that a quorum is present and this meeting is properly constituted for the transaction of business. A copy of the scrutineer's final report will be filed with the records of this meeting.

There are three formal items of business to be dealt with today. You will be asked to, one, elect each of the eight nominee directors to the board for the coming year; two, receive the annual report and

financial statements of the Corporation for the fiscal year ended December 31, 2021 and the auditor's report on those statements; and three, reappoint the Corporation's auditors, Ernst & Young LLP, for the ensuing year. These items are described in detail in this year's proxy circular. Voting for all matters will proceed by way of ballot. The polls are now open and will remain open until following the last item of business.

We will now move to the first item of formal business, the election of directors to the Corporation's board of directors. The number of directors to be elected at this meeting has been set by the board of eight. All eight of management's recommended nominees have been approved by the board of directors. The eight individuals being proposed for nomination are: Brett Gellner, Allen Hagerman, Georganne Hodges, Kerry O'Reilly Wilks, Todd Stack, Paul Taylor, Susan Ward, and myself, David Drinkwater.

Scott Jeffers, would you please nominate them as directors for the coming year?

**Scott Jeffers** — Vice President & Corporate Secretary, TransAlta Corporation

My name is Scott Jeffers, I'm a shareholder, and I move that the proposed nominees be elected as directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

Thank you, Scott. I will now ask Robert Millard to move a motion that nominations be closed and Chiara Valentini to second the motion.

**Robert Millard** — Commercial Vice-President, Legal, TransAlta Renewables Inc.

My name is Robert Millard. I am a shareholder and I so move.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

May I have the motion seconded?

**Chiara Valentini** — Managing Director, Strategic Finance & Investor Relations, TransAlta Renewables Inc.

My name is Chiara Valentini. I am a shareholder and second the motion.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

Thank you, Robert and Chiara.

We will now proceed to a vote. You are able to vote “for” or “withhold” for each of the individual director nominees.

The next item of business is submission of our 2021 annual consolidated financial statements together with the auditor’s report. A copy of the 2021 annual report, which contains the annual consolidated financial statements for the fiscal year ended December 31, 2021, together with the auditor’s report, has been mailed to each registered and beneficial shareholder who requested a copy. Copies are also available online under the Corporation’s profile at [sedar.com](https://www.sedar.com) and on our website. The board of

directors has approved these financial statements and the secretary will now table the financial statements and the auditor's report.

**Scott Jeffers** — Vice President & Corporate Secretary, TransAlta Corporation

Mr. Chair, the Corporation's annual consolidated financial statements for the fiscal year ended December 31, 2021, together with the auditor's report, are tabled.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

The next item of business is the reappointment of auditors. As you'll see in the management proxy circular, shareholders are being asked to authorize the reappointment of Ernst & Young LLP as the auditors for TransAlta Renewables for the ensuing year at such remuneration as will be fixed by the board.

I will now ask Robert to move a motion that Ernst & Young LLP be reappointed auditors of the Corporation to hold office until the close of the next annual meeting of shareholders and Chiara to second the motion.

**Robert Millard** — Commercial Vice-President, Legal, TransAlta Renewables Inc.

My name is Robert Millard. I am a shareholder and I so move.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

May I have the motion seconded?

**Chiara Valentini** — Managing Director, Strategic Finance & Investor Relations, TransAlta Renewables Inc.

My name is Chiara Valentini. I am a shareholder and I second the motion.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

Thank you, Robert and Chiara.

That brings us to the end of the items of business for this meeting. There being no further business, the polls are now closed. The scrutineers will now count the votes and report back to the meeting. This will take a moment.

I have now received from the scrutineers their preliminary report on the ballots. With respect to the election of directors, I declare that each of the eight nominees have each been properly elected as directors of TransAlta Renewables for the ensuing year. A press release and report on voting results indicating the detailed outcome of the vote will also be publicly filed after this meeting on SEDAR.

With respect to the appointment of Ernst & Young LLP as the auditors of the Corporation for the ensuing year, voting results show that over 99% of the votes were in favour of the reappointment of Ernst & Young LLP as auditor of the Company. I declare that Ernst & Young LLP is reappointed as auditor of the Company and that the directors are authorized to fix the auditor's remuneration.

That concludes the formal business of the meeting. Scott, have we received any comments or questions pertaining to the formal matters of business?

**Scott Jeffers** — Vice President & Corporate Secretary, TransAlta Corporation

No, Chair, we have not.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

I therefore declare that the formal meeting be terminated. I would like to thank all of our shareholders that joined us via webcast today.

I will now turn the podium over to Todd to make a few remarks.

**Todd Stack** — President, TransAlta Corporation

Thank you, David, and welcome, everyone, to TransAlta Renewables ninth annual shareholder meeting. All the information provided during this portion of the presentation is subject to the forward-looking statement qualification set out on the last slide and further detailed in our annual MD&A and incorporated in full for purposes of today's call. All amounts referenced during the call are in Canadian currency, unless otherwise stated. The non-IFRS terminology used, including adjusted EBITDA, free cash flow, and cash available for distribution, are reconciled in the MD&A for your reference.

Our fleet today consists of a highly-diversified portfolio with 50 facilities located across Canada, the US, and Australia, and the majority of our output is sold under long-term contract with an average contract life of approximately 11 years. TransAlta Renewables, or RNW, has a current market cap of \$4.7 billion and an enterprise value of \$5.5 billion with a strong dividend yield of 5.3%. Renewable power generation now makes up 68% of our installed capacity and in 2021 55% of our adjusted EBITDA was produced from wind, hydro, and solar generation. Since our IPO, the Company has generated a total

shareholder return of 225% compared to an approximately 75% return for both the TSX Composite and the TSX Capped Utilities Index over the same timeframe.

We continue to drive shareholder value at TransAlta Renewables and the value proposition remains. RNW provides an attractive return for investors through the ownership of highly contracted renewable and natural gas generation providing stable and predictable cash flows through long-term contracts with high-quality counterparties. TransAlta Renewables also returns significant cash to shareholders through the monthly dividend and our target is to return between 80% and 85% of cash available for distribution on an annual basis.

Since our IPO in 2013, our growth program continues to progress and remains focused on high-quality, contracted renewable and gas facilities. We are proud of the progress that we have made over the past eight years. The Company has invested \$3.5 billion in growth and has added 1.9 gigawatts of capacity to its fleet. The assets have been over 99% contracted and have contributed a weighted average contract tenure of over 13 years to the portfolio. The fleet now consists of almost 3 gigawatts of installed capacity, an increase of almost threefold since our IPO.

2021 in particular was an excellent year for growth at the Company. We increased our installed capacity by 17% with a total of 428 megawatts, of which 93% were renewables. Growth in the year included the addition of the economic interests in the Skookumchuck wind facility and the Ada cogeneration facility. Both of these assets were operating when we acquired them and have provided a full-year contribution to our 2021 results.

In November 2021 we also acquired the economic interest in the North Carolina solar portfolio, which consists of 20 operating solar sites across North Carolina and is contracted to Duke Energy. The North Carolina solar portfolio was an excellent fit for the RNW business model. The acquisition further strengthened our expertise in solar energy and added a new, high-quality customer in a region where we see significant opportunities for solar growth.

And finally, in November of last year we began commercial operations at our newly constructed 206-megawatt Windrise wind facility, our largest wind farm in Alberta. This project is fully contracted with the Alberta Electric System Operator over a 20-year term. 2022 will see full-year EBITDA contributions from both Windrise and North Carolina of approximately \$32 million and, combined, these five assets have added approximately \$60 million of incremental EBITDA, are supportive of the dividend, and have helped to sustain the weighted average contract life of the portfolio.

In July of last year we also announced the 48-megawatt Northern Goldfields solar project to supply renewable solar electricity supported by a battery storage system to the Goldfield-based operations of BHP. This project is expected to reach commercial operation in the second half of this year.

Demand for renewables is expected to continue to increase in the coming years and we are well positioned to grow our portfolio in order to meet this expanding demand for clean, sustainable electricity for customers focused on decarbonisation. Through our parent and sponsor, TransAlta Corporation, we have access to a talented development team and a pipeline of development opportunities uniquely suited to TransAlta Renewables which they continue to evaluate and advance on our behalf.

In addition to greenfield and organic expansion projects, the development team continues to look at a broad range of opportunities to add to our portfolio through potential M&A transactions, similar to transactions like the North Carolina solar portfolio and the Oldman wind facility. The Oldman wind facility, acquired in 2021, is adjacent to our existing Summerview facility and we have been operating it on behalf of the seller prior to the acquisition.

With respect to growth in the near term, we were pleased to announce the Mount Keith transmission expansion project early this morning with our earnings release. This project will facilitate the connection of additional generating capacity to our network in Western Australia and will support additional potential drop-down candidates for RNW. There are also a number of organic expansion opportunities at existing Canadian and US wind facilities that would also make excellent drop-down candidates and would be beneficial to existing tax horizons and provide synergies to the Company and its current operations.

I'm very pleased with the growth we achieved in 2021, though the Company did face some headwinds during the year. First, we had a rare unplanned steam outage event at Sarnia in the second quarter of 2021. This event exposed us to liquidated damages, which we expect to settle in 2022. In addition to the Sarnia outage, we also experienced a major site outage with the tower failure in September and subsequent temporary suspension of operations of all 50 turbines at Kent Hills. Following extensive independent engineering assessments and root cause failure analysis, it was determined that the deficiencies in the original design of the foundation at Kent Hills has led to subsurface crack propagation and all 50 foundations must be replaced. We are expecting to finalize our rehabilitation plan and conclude on our negotiations with New Brunswick Power and the project lenders during the second quarter, at

which time we will be in a position to commence construction. The estimated rehabilitation cost has increased in excess of our previous range and is now estimated at \$120 million due to a more robust foundation design, inflationary cost pressures, and acceleration of schedule. We will provide a further update on expected expenditure, commercial terms, and construction timelines as terms are finalized.

Despite the headwinds associated with Kent Hills and Sarnia, our results for the year demonstrated the resilience of our diversified portfolio. We added 428 megawatts of new assets and delivered \$463 million of EBITDA in 2021. 2021 also marked the conclusion of our contract dispute with FMG at South Hedland. FMG has returned as a customer at South Hedland and is now taking power under our renegotiated PPA.

As we look forward to 2022, we expect adjusted EBITDA at RNW to be between \$485 million to \$525 million. Higher EBITDA from our new assets will be partially offset by the loss in revenues at Kent Hills for the balance of the year. Our first quarter 2022 results are in line with our expectations and supportive of our full-year guidance. We announced our first quarter results this morning with adjusted EBITDA of \$139 million and CAFD of \$90 million.

Our balance sheet remains strong. As of March 31, 2022 we have access to over \$900 million of liquidity, including \$278 million of cash, for our upcoming funding needs. Our 2022 outlook results in an estimated payout ratio of between 88% and 102%, which is above our targeted range of 80% to 85%. Based on our current financial position, we have sufficient capacity to continue our growth and to fund the annualized common dividend at \$0.94 per share. As we look ahead, returning the payout ratio to within our targeted range will depend on a number of factors, which include the return to service of Kent

Hills, the execution of additional growth opportunities, and realizing projects that continue to defer our tax horizon here in Canada.

In closing, I want to thank the TransAlta employees and contractors that serve TransAlta Renewables facilities. 2021 was a busy year with the Kent Hills and Sarnia incidents, significant growth, and the integration of five new assets. The Company's success over the past year was driven by employees going above and beyond to deliver a solid year of results. And finally, I want to thank our entire board for their support and contribution to the success of TransAlta Renewables.

With that, I'll turn the call back over to David to address any questions that have been submitted over the Lumi platform. Thank you.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

Thank you, Todd.

We will now move to the question-and-answer period. Questions may only be asked by registered shareholders and duly appointed proxyholders and should be of interest to all shareholders. Questions can be asked by typing the question into the screen on your webcast and, after being moderated, will be read aloud by our Corporate Secretary. We'll pause for a moment to allow shareholders an opportunity to ask questions.

Mr. Jeffers, have we received any questions?

**Scott Jeffers** — Vice President & Corporate Secretary, TransAlta Corporation

No, Chair, we have not.

**David Drinkwater** — Chair of the Board, TransAlta Renewables Inc.

If there are no questions, on behalf of management of TransAlta Renewables and the board, I would like to thank everyone for attending our meeting today and for your participation. Thank you for joining us.

**Operator**

Thank you, sir. Ladies and gentlemen, this does indeed conclude your meeting for today. Once again, thank you for attending, and at this time we do ask that you please disconnect your lines. Enjoy the rest of your day.