

**INNERGEX**

Renewable Energy.  
Sustainable Development.

INNERGEX RENEWABLE ENERGY INC.

# ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2014

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March 27, 2015

**25** YEARS **SUSTAINABLE**  
by NATURE



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## INTRODUCTION

The information set out in this Annual Information Form is stated as at December 31, 2014 and all money-related amounts are stated in Canadian dollars, unless otherwise specified.

Unless otherwise indicated or the context otherwise requires, all reference to the “**Corporation**”, to “**Innergex**”, “**we**”, “**our**” and “**us**” refers to Innergex Renewable Energy Inc. and its subsidiaries. Terms not otherwise defined have the meaning set forth in the “Glossary of Terms” included at the end of this document.

## CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

To inform readers of the Corporation's future prospects, this Annual Information Form contains forward-looking information within the meaning of applicable securities laws (“**Forward-Looking Information**”). Forward-Looking Information can generally be identified by the use of words such as “approximately”, “may”, “will”, “could”, “believes”, “expects”, “intends”, “should”, “plans”, “potential”, “project”, “anticipates”, “estimates”, “scheduled” or “forecasts”, or other comparable terminology that state that certain events will or will not occur. It represents the projections and expectations of the Corporation relating to future events or results, as of the date of this Annual Information Form.

**Future-Oriented Financial Information:** Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, such as expected production and estimated project costs, to inform readers of the potential financial impact of expected results, of the expected commissioning of Development Projects and the Corporation's ability to fund its growth. Such information may not be appropriate for other purposes.

**Assumptions:** Forward-Looking Information is based on certain key assumptions made by the Corporation, including, without restriction, those concerning hydrology, wind regimes and solar irradiation, performance of operating facilities, financial market conditions and the Corporation's success in developing new facilities.

**Risks and Uncertainties:** Forward-Looking Information involves risks and uncertainties that may cause actual results or performance to be materially different from those expressed, implied or presented by the Forward-Looking Information. These are referred to in the “Risk Factors” section of this Annual Information Form and include, without limitation: the ability of the Corporation to execute its strategy for building shareholder value; its ability to raise additional capital and the state of the capital markets; liquidity risks related to derivative financial instruments; variability in hydrology, wind regimes and solar irradiation; delays and cost overruns in the design and construction of projects; health, safety and environmental risks; uncertainties surrounding the development of new facilities; obtainment of permits; variability of installation performance and related penalties; equipment failure or unexpected operations and maintenance activity; interest rate fluctuations and refinancing risk; financial leverage and restrictive covenants governing current and future indebtedness; the possibility that the Corporation may not declare or pay a dividend; the ability to secure new power purchase agreements or to renew any power purchase agreement; changes in governmental support to increase electricity to be generated from renewable sources by independent power producers; the ability to attract new talent or to retain officers or key employees; litigation; performance of major counterparties; social acceptance of renewable energy projects; relationships with stakeholders; equipment supply; changes in general economic conditions; regulatory and political risks; the ability to secure appropriate land; reliance on power purchase agreements; availability and reliability of transmission systems; increases in water rental cost or changes to regulations applicable to water use; assessment of water, wind and sun resources and associated electricity production; dam failure; natural disasters and *force majeure*; foreign exchange fluctuations; foreign market growth and development; cyber security; sufficiency of insurance coverage limits and exclusions; a credit rating that may not reflect actual performance of the Corporation or a lowering (downgrade) of the credit rating; potential undisclosed liabilities associated with acquisitions; integration of the facilities and projects acquired and to be acquired; failure to realize the anticipated benefits of acquisitions; reliance on shared transmission and interconnection infrastructure and the fact that revenues from the Miller Creek facility will vary based on the spot price of electricity.

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this Forward-Looking Information since no assurance can be given that it will prove to be correct. Forward-Looking Information contained herein is made as at the date of this Annual Information Form and the Corporation does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of events or circumstances occurring after the date hereof, unless so required by legislation.

The following table outlines the Forward-Looking Information contained in this Annual Information Form which the Corporation considers important, to better inform readers about its potential financial performance, together with the principal assumptions used to derive this information and the principal risks and uncertainties that could cause actual results to differ materially from this information.

**Expected production**

For each facility, the Corporation determines a long-term average annual level of electricity production over the expected life of the facility, based on engineers' studies that take into consideration a number of important factors: for hydroelectricity, the historically observed flows of the river, the operating head, the technology employed and the reserved aesthetic and ecological flows; for wind energy, the historical wind and meteorological conditions and turbine technology; and for solar energy, the historical solar irradiation conditions, panel technology and expected solar panel degradation. Other factors taken into account include, without limitation, site topography, installed capacity, energy losses, operational features and maintenance. Although production will fluctuate from year to year, over an extended period it should approach the estimated long-term average.

Improper assessment of water, wind and sun resources and associated electricity production  
 Variability in hydrology, wind regimes and solar irradiation  
 Equipment failure or unexpected operations and maintenance activity

**Estimated project costs, expected obtention of permits, start of construction, work conducted and start of commercial operation for development projects or prospective projects**

For each development project, the Corporation provides an estimate of project costs based on its extensive experience as a developer, directly related incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for the projected costs provided by the engineering, procurement and construction contractor retained for the project.

Performance of counterparties, such as suppliers or contractors  
 Delays and cost overruns in the design and construction of projects  
 Obtainment of permits  
 Equipment supply  
 Interest rate fluctuations and financing risk  
 Relationships with stakeholders  
 Regulatory and political risks  
 Higher inflation

The Corporation provides indications regarding scheduling and construction progress for its Development Projects and indications regarding its Prospective Projects, based on its experience as a developer.

**Intention to Submit Projects Under Requests for Proposals**

The Corporation provides indications of its intention to submit projects under requests for proposals ("**Request for Proposals**" or "**RFP**") based on the state of readiness of some of its Prospective Projects and their compatibility with the announced terms of these RFPs.

Regulatory and political risks  
 Ability of the Corporation to execute its strategy for building shareholder value  
 Ability to secure new power purchase agreements ("**PPA**")

**CORPORATE STRUCTURE**

The Corporation was incorporated in Canada under the *Canada Business Corporations Act* by articles of incorporation dated October 25, 2002. The articles of the Corporation were amended as follows:

Dates	Description of the Amendments to the Articles of the Corporation
October 25, 2007	To change its name from Innergex Management Inc. to Innergex Renewable Energy Inc. and its French version, Innergex énergie renouvelable inc.
December 4, 2007	To change the authorized capital of the Corporation and the minimum number of directors of the Corporation from one to three.
December 4, 2007	To amend the authorized share capital of the Corporation and to create an unlimited number of common shares (the " <b>Common Shares</b> ") and an unlimited number of preferred shares, issuable in series (the " <b>Preferred Shares</b> ").
March 29, 2010	By way of articles of arrangement filed in connection with the Arrangement (as defined below).

Dates	Description of the Amendments to the Articles of the Corporation
September 10, 2010	To create the Cumulative Rate Reset Preferred Shares, Series A (the “ <b>Series A Shares</b> ”) and the Cumulative Floating Rate Preferred Shares, Series B (the “ <b>Series B Shares</b> ”) in connection with the Corporation’s public offering of Series A Shares.
May 12, 2011	To introduce a voting right, in certain limited circumstances, for holders of Preferred Shares of the Corporation.
January 1, 2012	By way of articles of amalgamation filed in connection with the amalgamation between the Corporation and its subsidiary, Cloudworks Energy Inc.
December 6, 2012	To create the Cumulative Redeemable Fixed Rate Preferred Shares, Series C (the “ <b>Series C Shares</b> ”) in connection with the Corporation’s public offering of Series C Shares.

The Corporation's head and registered office is located at 1111 Saint-Charles Street West, East Tower, Suite 1255, Longueuil, Québec, J4K 5G4.

A corporate chart of the Corporation and its material subsidiaries as well as certain other material ownership interests of the Corporation as at March 27, 2015 is attached hereto as Schedule A, which excludes however some subsidiaries of the Corporation for which the assets and revenue in the aggregate did not exceed 20% of the total consolidated assets and revenue of the Corporation for the year ended December 31, 2014.

## GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is a developer, owner and operator of run-of-river hydroelectric facilities, wind energy farms and solar photovoltaic (“**PV**”) farms in North America. The Corporation operates various renewable power generating facilities in the Provinces of Québec, British Columbia (“**BC**”) and Ontario and in the State of Idaho.

The Corporation has been active in the renewable power industry since 1990 and has on its own or through various ventures developed and brought to commercial operation 13 hydroelectric facilities, six wind farms and one solar photovoltaic farm, has acquired and refurbished three hydroelectric facilities and has acquired ten hydroelectric power facilities representing a gross aggregate installed capacity of 1,194.3 megawatt (“**MW**”) (net 687.2 MW). The Corporation currently owns, together with its partners, six wind farms, 26 hydroelectric facilities and one solar photovoltaic farm in operation with respective net aggregate installed capacities of 236.3 MW (gross 614.1 MW), 417.7 MW (gross 547.0 MW) and 33.2 MW (gross 33.2 MW) and, as of March 27, 2015, 5 development projects for which PPAs have been secured and are either under construction or scheduled to begin construction on a planned date with an aggregate net installed capacity of 207.9 MW (gross 318.5 MW). The development projects for which PPAs have been secured are expected to reach the commercial operation stage between 2015 and 2016. The Corporation has also net interests in approximately 3,190 MW (gross 3,330 MW) of prospective power generating projects, which are in various stages of development. See “Description of the Business and Assets of the Corporation - Portfolio of Assets”.

## RECENT DEVELOPMENTS

On March 17, 2015, Upper Lillooet River Power Limited Partnership and Boulder Creek Power Limited Partnership closed a \$491.6 million non-recourse construction and term project financing for the 81.4 MW Upper Lillooet River and 25.3 MW Boulder Creek run-of-river hydroelectric projects located in British Columbia. See “Description of the Business and Assets of the Corporation – Development Project – Hydroelectric Development Project – Upper Lillooet River Project and Boulder Creek Project”.

On March 19, 2015, the Corporation announced that it had received approval from the Toronto Stock Exchange (“**TSX**”) to renew its normal course issuer bid. The bid commenced on March 24, 2015 and will terminate on March 23, 2016. Under the bid, the Corporation may purchase for cancellation up to 1,000,000 of its common shares, representing approximately 1.0% of its issued and outstanding common shares of the Corporation as at March 18, 2015.

## THREE-YEAR SUMMARY

### Financial Year 2014

On February 18, 2014, the Corporation announced that Kwoiek Creek Resources Limited Partnership (“**Kwoiek Creek LP**”) and British Columbia Hydro and Power Authority (“**BC Hydro**”) reached an agreement with regard to some clarification of stipulated capacity level and commercial operation date (“**COD**”) of the Kwoiek Creek run-of-river hydroelectric facility in British Columbia, Canada (the “**Kwoiek Creek Facility**”), which changes were subsequently approved by the British Columbia Utilities Commission and, as per such agreement, COD was declared effective as of January 1, 2014. See “Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Hydroelectric Facilities located in British Columbia”.

On March 20, 2014, the Corporation announced that it received approval from the TSX to proceed with a normal course issuer bid. The bid commenced on March 24, 2014 and terminated on March 23, 2015. Under the bid, the Corporation was allowed to purchase for cancellation up to 1,000,000 of its common shares, representing approximately 1.1% of the 95,860,979 issued and outstanding common shares of the Corporation as at March 19, 2014. Under the bid, which expired on March 23, 2015, the Corporation did not purchase any of its common shares.

On March 24, 2014, Mesgi'g Ugju's'n (MU) Wind Farm, L.P. ("**Mesgi'g Ugju's'n (MU) LP**") signed a 20-year power purchase agreement with Hydro-Québec Distribution for a 150 MW wind energy project located in the Gaspé Peninsula, in Québec (the "**Mesgi'g Ugju's'n (MU) Project**") and on October 16, 2014, Mesgi'g Ugju's'n (MU) LP obtained a decree from the Québec government for the Mesgi'g Ugju's'n (MU) Project. Innergex holds 50% of this entity and the three Mi'gmaq communities of Québec, namely Gesgapegiag, Gespeg and Listuguj ("**Mi'gmaq communities**"), hold the remaining 50% interest. See "Description of the Business and Assets of the Corporation – Development Projects – Mesgi'g Ugju's'n (MU) Project".

On June 20, 2014, the Corporation and Desjardins Group Pension Plan announced that Innergex Sainte-Marguerite, S.E.C. completed the acquisition of the Sainte-Marguerite-1 facility ("**SM-1 Facility**") from Hydrowatt SM-1 Inc. and other related companies ("**Hydrowatt**"). The SM-1 Facility is a 30.5 MW run-of-river hydroelectric facility located on private land near the town of Sept-Îles in Québec. The final purchase price was approximately \$80.1 million of which approximately \$38.4 million was paid in cash and \$41.7 million by the issuance of preferred units of Innergex Sainte-Marguerite, S.E.C. Hydrowatt immediately transferred to Innergex the preferred units of Innergex Sainte-Marguerite, S.E.C. in exchange for 4,027,051 newly issued common shares of the Corporation. See "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Hydroelectric Facilities located in Québec".

On August 12, 2014, the Corporation and the In-SHUCK-ch Nation announced the joint signing of a partnership agreement regarding the development of hydroelectric projects in British Columbia. The parties agreed on commercial terms for a 50-50 partnership to develop six run-of-river hydroelectric projects totaling approximately 150 MW.

On September 30, 2014, Tretheway Creek Hydro Limited Partnership closed a \$92.9 million non-recourse construction and term project financing for the 21.2 MW Tretheway Creek run-of-river hydroelectric project located in British Columbia, Canada (the "**Tretheway Creek Project**"). See "Description of the Business and Assets of the Corporation – Hydroelectric Development Projects – Tretheway Creek Project".

On November 6, 2014, the Corporation executed an amending agreement to extend its revolving term credit facility from 2018 to 2019 as well as to temporarily increase its borrowing capacity from \$425 million to \$475 million until June 30, 2015.

### [Financial Year 2013](#)

On May 10, 2013, the Mi'gmaq communities of Québec, with whom the Corporation has a partnership agreement, were awarded 150 MW by the Government of Québec for the Mesgi'g Ugju's'n (MU) Project. See "Description of the Business and Assets of the Corporation – Development Projects – Wind Development Projects – Mesgi'g Ugju's'n (MU) Project".

On May 23, 2013, Northwest Stave River Hydro Limited Partnership closed a \$72 million non-recourse construction and term project financing for the 17.5 MW Northwest Stave River Facility.

On June 17, 2013, the Corporation extended its \$425 million revolving term credit facility with a new five-year term ending in 2018. The terms and conditions remained materially unchanged while flexibility for availability of the facility was enhanced.

On June 26, 2013, Innergex CAR, L.P. closed a \$52.8 million non-recourse term loan to refinance its ownership portion of the Carleton wind farm located on the Gaspé Peninsula in Quebec, Canada (the "**Carleton Wind Farm**").

On July 25, 2013, the Corporation completed the acquisition of the Magpie hydroelectric facility in Quebec (the "**Magpie Facility**") from the Hydroméga Group of Companies. The Magpie Facility is a 40.6 MW run-of-river hydroelectric facility located on public lands in the Minganie Regional County Municipality in Quebec, for a purchase price of approximately \$28.6 million in cash plus the assumption of project-level debt totalling \$50.4 million. See "Description of the Business and Assets of the Corporation - Operating hydroelectric facilities – Hydroelectric Facilities located in Québec".

The Corporation acquired 99.996% of the common units of the Magpie Facility. However, the Minganie Regional County Municipality holds 30% of the voting units as well as a convertible debenture with a nominal value of \$3 million, which carries an annual interest payment of approximately \$465,000 and a \$2 million non-interest bearing debenture repayable over the next five years. The convertible debenture entitles the municipality to a 30% interest in the facility upon conversion of the debenture on or before January 1, 2025.

On August 7, 2013, Parc éolien communautaire Viger-Denonville, s.e.c. ("**Viger-Denonville, L.P.**") closed a \$61.7 million non-recourse construction and term project financing for the Viger-Denonville Wind Farm project in Quebec.

In early November 2013, the Corporation began a capital improvement program of approximately \$7 million at the 33 MW Miller Creek hydroelectric facility in British Columbia. Work has involved surface preparation and coating of the penstock, redesigning and reshaping the intake to reduce sand and sediment intrusion and improve hydraulic performance, and replacing some turbine components. As a result of these improvements, the facility's long-term average annual production has increased by approximately 5%, from 97,900 megawatt per hour ("**MWh**") to 102,795 MWh.

On November 19, 2013, Viger-Denonville, L.P. began commercial operation of the 24.6 MW Viger-Denonville Wind Farm in Québec. See "Description of the Business and Assets of the Corporation – Operating Wind Farms – Wind Farms located in Québec".

On December 17, 2013, the Corporation and the Saik'Uz First Nation signed a letter of intent and a Traditional Knowledge Protocol Agreement regarding the development of a prospective 210 MW wind energy project at Nulki Hills near Vanderhoof, British Columbia.

Effective December 18, 2013, the Corporation began commercial operation of its Northwest Stave River Facility. See "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Hydroelectric Facilities located in British Columbia".

On December 20, 2013, the Corporation was added to the S&P/TSX Composite Index, the S&P/TSX Composite Dividend Index, the S&P/TSX Equity Income Index and the S&P/TSX Composite Low volatility Index.

#### Financial Year 2012

On May 15, 2012, the Corporation began commercial operation of its 33.2 MW<sub>DC</sub> (27 MW<sub>AC</sub>) Stardale solar farm, located in East Hawkesbury, in Ontario, Canada (the "**Stardale Solar Farm**"). This marked the Corporation's entry into the solar energy sector, providing further diversification of its operations. See "Description of the Business and Assets of the Corporation - Operating Solar Farms – Solar Farms located in Ontario".

On July 17, 2012, the Corporation announced that it had exercised a portion of the accordion feature on its revolving term credit facility, increasing its borrowing capacity from \$350 million to \$425 million. All terms and conditions of the revolving term remain unchanged at the time. In 2013, the 2016 maturity was extended to 2018 and flexibility for availability of the facility was enhanced and in 2014 its term was further extended to 2019 and the facility was temporarily increased to \$475 million until June 30, 2015.

On July 17, 2012, Kwoiek Creek LP closed a \$168.5 million non-recourse construction and term project financing for the Kwoiek Creek run-of-river hydroelectric project located in British Columbia, Canada.

On July 20, 2012, the Corporation announced that it had entered into a partnership agreement with the Mi'gmawei Mawiomí for the development of a large wind farm on the Gaspé Peninsula of Québec, Canada. Such partnership entered into a 20-year PPA for a 150 MW wind farm with Hydro-Québec in March 2014.

On July 26, 2012, the Corporation announced that, pursuant to a purchase agreement, the Corporation agreed to acquire from Hydroméga Services Inc. ("**Hydroméga**") and Magpie Trust a 70% voting interest in the 40.6 MW Magpie Facility, located in the municipality of Rivière-Saint-Jean, Québec, Canada for an aggregate final consideration of \$28.6 million, subject to certain adjustments, plus the assumption of approximately \$51 million of fixed rate limited recourse project debt (the "**Magpie Hydroelectric Facility Acquisition**") which was completed in July 2013.

In addition to the Magpie Hydroelectric Facility Acquisition, the Corporation entered into a non-binding letter of intent with respect to the proposed acquisition of Hydroméga's ownership interest, or that of certain of Hydroméga's related entities, in the four hydroelectric Kapuskasing projects under construction totaling 22 MW in Ontario, the Dokis hydroelectric project under development of 10 MW in Ontario and the 30.5 MW Sainte-Marguerite hydroelectric facility located in Québec (the "**Other Hydroméga Hydroelectric Facilities and Development Projects**"). As part of the Magpie Hydroelectric Facility Acquisition and potential transaction related to the Other Hydroméga Hydroelectric Facilities and Development Projects, it entered into a deposit agreement with Hydroméga, Magpie Trust, certain of their security holders and certain Hydroméga related entities pursuant to which \$25 million was advanced by the Corporation as a deposit on the total consideration payable to acquire the Magpie Facility or to acquire Hydroméga's ownership interest (or that of certain of its related entities) in any of the Other Hydroméga Hydroelectric Facilities and Development Projects. On June 20, 2014, the purchase of the Sainte-Marguerite facility was completed, the \$25 million deposit was repaid to the Corporation plus accrued interest income of \$3.5 million and the letter of intent was terminated.

On July 26, 2012, the Corporation closed a private placement whereby the Caisse de dépôt et placement du Québec and certain subscribers managed by GCIC Ltd. acquired 9,632,399 Common Shares and 2,408,100 Common Shares, respectively, at a price of \$10.27 per Common Share, for gross proceeds of \$123.7 million.

On July 26, 2012, the Corporation announced that it entered into a definitive agreement with Finavera Wind Energy Inc. (the "**Finavera Purchase Agreement**") to acquire its 77 MW Wildmare Wind Energy Project located in British Columbia, Canada for an aggregate consideration of \$22 million. On October 1, 2012, the Corporation announced that it terminated the Finavera Purchase Agreement.

On August 31, 2012, the Corporation announced the implementation of a dividend reinvestment plan for the benefit of its holders of Common Shares. The dividend reinvestment plan enables the common shareholders of the Corporation to reinvest all or part of their cash dividends into additional Common Shares of the Corporation. Common Shares purchased under the dividend reinvestment plan will be either issued from treasury or purchased on the market at the discretion of the Board of Directors and their purchase price will be the weighted average trading price of the Common Shares on the TSX during the five business days immediately preceding the dividend payment less a discount of up to 5%.

On October 12, 2012, the Corporation completed the acquisition from Capital Power L.P. and Capital Power Generation Services Inc. ("**Capital Power**") of all of the ownership interests in the entity owning the 7.2 MW Brown Lake hydroelectric facility (the "**Brown Lake Facility**") and the 33 MW Miller Creek hydroelectric facility (the "**Miller Creek Facility**") both located in British Columbia, Canada, for a purchase price of approximately \$68.6 million subject to certain adjustments (the "**Partnership Interest Purchase Agreement**"). See "Description of the Business and Assets of the Corporation - Operating Hydroelectric Facilities - Hydroelectric Facilities located in British Columbia".

On November 6, 2012, the Corporation began commercial operation of the 111 MW phase II of the Gros-Morne Wind Farm located in the Municipalities of Mont-Louis and Sainte-Madeleine-de-la-Rivière-Madeleine in the Province of Québec. See "Description of the Business and Assets of the Corporation – Operating Wind Farms – Wind Farms located in Québec".

On December 11, 2012, the Corporation completed an offering (the "**Series C Offering**") of a total of 2,000,000 Series C Shares at \$25 per Series C Share for aggregate gross proceeds of \$50 million. The Series C Offering was made on a bought deal basis through a syndicate of underwriters, the whole as contemplated under the underwriting agreement dated November 27, 2012 between the Corporation and TD Securities Inc., National Bank Financial Inc., BMO Nesbitt Burns Inc., Desjardins Securities Inc., Canaccord Genuity Corp. and GMP Securities L.P., as underwriters for the Series C Offering (the "**Series C Underwriting Agreement**"). The Series C Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. The Series C Shares commenced trading on the TSX on December 11, 2012 under the symbol "INE.PR.C". See "Description of Capital Structure - Preferred Shares - Series C Shares".

## **INDUSTRY OVERVIEW AND MARKET TRENDS**

### RENEWABLE POWER GENERATION INDUSTRY

Renewable power producers are involved in the generation of electricity from renewable sources of energy, including (i) water; (ii) wind; (iii) certain waste products, such as biomass (for example: waste wood from forest products operations) and landfill gas; (iv) geothermal sources, such as heat or steam; and (v) the sun. Demand for renewable power sources in North America continues to grow and is largely driven by the growing demand for energy, as well as the long-term trend toward stronger policies for protecting the environment. While traditional regulated utilities continue to dominate the North American electricity generation markets, it is recognized that independent power producers play an increasingly important role in the supply of electricity. In recent years, government authorities and policymakers have increasingly recognized the benefits of power generated by independent power producers.

The trend towards increased reliance on independent power producers for the supply of renewable power in North America is fuelled by a number of factors, including (i) the benefits of renewable energy in addressing the impacts of climate change; (ii) government-sponsored incentives; (iii) the availability of long-term contracts for the purchase of renewable energy with highly creditworthy counterparties, allowing independent power producers to develop new projects in a low-risk environment with the expectation of long-term stable contractual cash flows; (iv) the implementation of non-discriminatory access to transmission systems, providing independent power producers access to regional electricity markets; and (v) the rapidly improving cost-competitiveness of renewable energy and efficiency of independent power producers.

## RENEWABLE POWER IN CANADA

Over the past few years, the significant growth in renewable power generation in Canada has resulted from: rising electricity and fossil fuel prices; the increased cost of large-scale hydroelectric sites; public concern over nuclear power generation, air quality and greenhouse gases; improvements in renewable energy technologies; and shorter construction lead times for some renewable energy projects. Renewable electricity generation in Canada is also supported by federal and provincial incentives such as long-term fixed price contracts, accelerated depreciation and renewable portfolio standards (“RPS”), which are explained below.

While these favourable underlying fundamental factors should support the growth of renewable power generation over the long term, a number of factors may reduce the short-term demand for renewable power in Canada. These include electricity surpluses of some public utilities and the abundance of shale gas, which has resulted in much lower prices for natural gas, one of the fossil fuel sources of electricity production.

In response to the long-term trend toward stronger environmental protection policies, many provincial governments have introduced RPS, which typically set a target for an increased component of renewable energy in their electricity generation supply mix, in order to reduce greenhouse gas emissions over time. These RPS typically reflect the distinct resource issues associated with electricity generation, given the provinces' respective electricity industry structures and geographical conditions. While RPS are sometimes applied and implemented as goals or targets rather than mandatory requirements, provincial authorities or their utilities are using RPS source renewable generation resources and, in some cases, offer PPAs through competitive bidding processes. The competitive bidding process seeks to ensure that the RPS are achieved at the lowest possible cost and with the highest probability of project completion. By simplifying the negotiation and financing processes and decreasing the transactional costs for obtaining a long-term PPA, these mechanisms can contribute to meeting renewable energy generation goals.

In Canada, provincial governments are responsible for the management of natural resources within their borders. Therefore, most targets for renewable energies are determined by the provinces. Several provinces have set a specific target percentage of electricity to be generated from renewable sources, including:

- British Columbia – 93% of total electricity from clean or renewable resources;
- Ontario – increase hydro energy capacity to 9,300 MW and to develop 10,700 MW of wind, solar and bioenergy installed capacity by 2021; and
- Quebec – develop 4,000 MW of wind energy capacity by 2015 and an additional 100 MW of wind energy for every 1,000 MW of additional hydroelectric power.

Canada enjoys a unique abundance of hydrological resources. With an estimated installed hydroelectric capacity of more than 74,000 MW, it is the third largest hydroelectric energy producer in the world. Furthermore, according to the Canadian Hydropower Association, the country has an undeveloped, technically feasible potential estimated at 163,000 MW. Despite the competition for appropriate sites and the challenges associated with power transmission over great distances, the low operational costs and long project lives of these facilities suggest that hydroelectric power generation will remain a major affordable supply source for many years. Transmission corridors in Canada have traditionally run directly from major generation facilities to major demand centres, meaning that strategic investments in new transmission corridors will play an important role in the development of hydroelectric projects and other isolated renewable energy generation projects.

Over the last few years, according to the National Energy Board, wind power has become commercially viable and has emerged as the fastest growing segment of the renewable power industry in Canada. The Canadian Wind Energy Association ranks Canada as the fifth largest producer of wind energy in the world, with an installed wind power capacity of more than 9,700 MW and approximately 1,500 MW of new wind energy to be commissioned annually over the next few years. Several reasons explain the robustness of the wind energy industry, including the improving cost-competitiveness of wind energy due to economies of scale and technological improvements, provincial RPS, relatively short construction timelines, favourable wind resources, including strong winds across a wide range of rural areas and vast shorelines, and provincial renewable RFPs. The usual challenges of resource availability and transmission exist in Canada and, in some areas, access to transmission lines with available capacity is an economic or regulatory consideration.

A solar energy industry has emerged in Canada in recent years, particularly in Ontario. According to Ontario's Independent Electricity System Operator (“IESO”), at the end of the third quarter of 2014, the Ontario Power Authority (“OPA”) was managing 1,235 MW of solar PV installed capacity in commercial operation with an additional 939 MW of capacity under development. While more expensive than conventional and other renewable sources of energy, production costs for solar energy continue to decline thanks to technological improvements and economies of scale. The Ontario government has announced its intention to support its solar energy industry and is currently planning new procurement of 140 MW of solar energy in 2015 and another 150 MW in 2016.

## RENEWABLE POWER IN SOME OTHER MARKETS

In the United States, in light of the current U.S. administration's focus on addressing climate change and reducing greenhouse gas (“GHG”) emissions, as well as the existence of RPS in several states and the increasing procurement of renewable energy. According to the US Energy Information Association, electricity generation from renewable energy is expected to rise from 12% in 2012 to 16% by 2040. In the short term, generation from renewable resources is expected to grow in response to federal tax credits and state-level policies. However, in the long term, renewable generation growth is expected to be driven by increasing cost competitiveness with other non-renewable technologies. In many markets across the US, wind and solar energy are already among the least costly new generation sources, even compared with currently low-cost natural gas.

In developing economies in Latin America, demand for electricity remains strong and governments are seeking to increase the production of renewable energy, of which they have an ample supply. More economically mature countries in Europe have adopted ambitious GHG emissions reduction targets and governments are seeking to reduce their dependency on conventional forms of generation, both of which developments require a greater proportion of renewable energy in these countries' energy portfolios. There are a number of markets to which the Corporation believes it can largely transpose its business model for developing and operating renewable energy assets.

## REGULATORY FRAMEWORK OF AND MARKET FOR RENEWABLE POWER IN THE CORPORATION'S KEY MARKETS

### Québec

Hydro-Québec, a corporate agent of the Government of Québec, is one of the largest electricity utilities in North America. Under its incorporation statute, Hydro-Québec is given broad powers to generate, supply, and deliver electric power throughout Québec. Excluding the territories served by municipal or private electric power systems or by a certain cooperative, Hydro-Québec is the holder of exclusive electric power distribution rights throughout the territory of Québec.

The Régie de l'énergie, an economic regulation agency, sets and modifies the rates and conditions for, inter alia, the transmission of electric power by the electricity carrier and the distribution of electric power by the electricity distributors in the Province of Québec. To that end, Hydro-Québec must present to the Régie de l'énergie a forecast of the needs of the Québec market for the next ten years as well as the nature of the contracts that Hydro-Québec intends to enter into in order to meet the demand over and above 165 TWh (being the heritage electricity pool which must be supplied by Hydro-Québec). To meet demand in excess of this 165 TWh, Hydro-Québec must enter into supply contracts after conducting Requests for Proposals with interested power suppliers or, in some exceptions further to specific governmental decree, negotiate and enter into a PPA without RFP. The Régie de l'énergie monitors all Requests for Proposals for the supply of energy in Québec.

The most recent Requests for Proposal were launched in 2009 and 2013. In 2009, Hydro-Québec issued a Request for Proposals for the supply of 500 MW of wind energy, including a 250 MW block for aboriginal projects and another 250 MW block for community projects. In 2010, it announced it had accepted 12 proposals totalling 291.4 MW. Deliveries of electricity must start between December 1, 2013 and December 1, 2015.

In December 2013, Hydro-Québec launched a Request for Proposals for the supply of 450 MW of new wind energy, including 300 MW for projects in the Lower Saint Lawrence and Gaspésie regions and 150 MW for projects anywhere in the province. The conditions applicable to the Request for Proposals specified a maximum price of \$0.09 per kilowatt-hour (“kWh”), minimum local content requirements of 60% and the control of at least 50% of each project to be held by the local community, including municipal bodies, First Nations and COOPs. A total of 54 bids representing 6,627 MW were submitted in this very competitive Request for Proposals. In December 2014, Hydro-Québec announced it had accepted three bids totalling 446.4 MW, with an average price of \$0.076 per kWh (\$0.063 per kWh when excluding transmission costs). This additional capacity should enable the province to reach its goal of developing 4,000 MW of installed wind energy capacity, as outlined in its energy strategy for 2006-2015. The Corporation proposed 4 prospective projects into this RFP. One of the projects was retained as a reserve project, however it is unlikely that this project will ultimately be retained pursuant to the RFP.

### British Columbia

BC Hydro is one of the largest electric utilities in Canada, supplying the majority of power generating capacity in the province. The remaining capacity is provided by investor-owned utilities, large and small industrial self-generators, and independent power producers. BC Hydro has launched various Requests for Proposals over the last 10 years to acquire electricity supply on a competitive basis from independent power producers.

In October 2013, BC Hydro's Standing Offer Program was updated. This plan is intended to encourage the development of small and clean energy projects throughout British Columbia and was broadened under the Clean Energy Act. The current program allows for projects using not only just-proven technologies but also near commercial and prototype technologies, and provides for the award of PPAs to projects with a maximum nameplate capacity of up to 15 MW.

BC Hydro also adjusted the pricing for projects awarded PPAs under the Standing Offer Program in line with the projects awarded PPAs under the Clean Power Call, with the pricing for each project being based on the region in which the project is located.

In November 2013, BC Hydro released its Integrated Resource Plan, which calls for a number of measures to meet the expected increase in electricity demand, and a set of actions to support a healthy, diverse clean energy sector and to promote clean energy opportunities for First Nations, but provides no specific procurement targets for renewable energy at this time. The province's goals to develop its mining and liquefied natural gas sectors may provide development opportunities for the renewable energy sector. In December 2014, the BC government announced its approval of BC Hydro's 1,100 MW Site-C hydroelectric dam project, which is scheduled to reach commercial operation in 2024 and which may reduce some prospects for independent power producers. Site-C is a component of BC Hydro's Integrated Resource Plan, which is scheduled to be revised in the fall of 2015. The Integrated Resource Plan is a flexible long-term strategic plan to meet the growth of the province's demand in electricity over the next 20 years. The Corporation continues to advance the development of several prospective projects for future renewable procurement opportunities in this province.

## [Ontario](#)

The Ontario Energy Board regulates residential pricing for power generated from Ontario Power Generation's ("OPG") nuclear and large hydroelectric generation assets and sets annual revenue limits with respect to OPG's coal and smaller hydroelectric generation. The IESO, into which the Ontario Power Authority was merged in January 2015, addresses system planning and security of supply in Ontario by reviewing demand and resource reliability forecasts, facilitating supply source investment and diversification, and promoting conservation.

The Ontario Government announced in June 2013 that it would no longer procure large renewable energy capacity under the Feed-In Tariff Program ("FIT") for large projects and previously submitted Large FIT project applications for which no contract had been awarded were discontinued. Instead, Ontario has instituted a competitive procurement process that will take into account local needs and considerations, including those of municipalities and First Nations. Pursuant to Ontario's Long-Term Energy Plan released in December 2013, in which the government reiterated its commitment to investing in renewable energy, it is currently planning new capacity procurement for 300 MW of wind energy and 140 MW of solar energy in 2015 and another 300 MW of wind energy and 150 MW of solar energy in 2016, with planned annual revisions thereafter. Other prospective projects in Ontario, especially in the wind sector, remain predicated on transmission grid expansion in the northern part of the province and represent longer-term growth potential.

## [METHOD OF PRODUCTION](#)

### [Hydroelectric Power Generating Process](#)

Run-of-river hydroelectric generation facilities, unlike traditional hydroelectric facilities, do not require the flooding of large areas of land. Hydroelectric power is generated by harnessing the force created as water falls. The difference in elevation between the headpond and the tailrace is referred to as "head" or "operating head". The energy in the moving water is ultimately converted into electric energy. The water flows through an intake pipe or tunnel (known as the penstock) to a turbine, which is essentially a water wheel. The water spins the turbine and the hydraulic energy is then converted into mechanical energy which is then converted into electricity by the generator. The electricity is then sent through a transformer where its characteristics are adjusted so that it can be sent along the transmission system. The water, after going through the turbine, exits the powerhouse through the draft tube and the tailrace where it rejoins the main stream of the river.

There are three principal types of hydraulic turbines:

- |          |   |
|----------|---|
| Kaplan:  | generally used where there is a low operating head (the difference in elevation between the intake water level and tailrace water level), varying from a few meters to 30 meters. |
| Francis: | generally used with a medium head, e.g. approximately 30 meters to 200 meters.  |
| Pelton:  | generally used where there is a very large head, usually greater than 200 meters.   |

Below is a list of the principal advantages of hydroelectric power generation.

Reliability	The equipment involved in producing hydroelectric power has relatively few moving parts, resulting in a long life and low maintenance requirements as compared to other generation technologies. Unplanned outage rates for hydroelectric units are among the lowest in the electricity generation industry.
Low Operating Costs	Other than water royalties and licence fees paid to governmental authorities, hydroelectric facilities have minimal fuel costs and therefore minimize the volatility of their cost structures compared to fossil-fuelled plants. In addition, all facilities are operated remotely by a single person. As a result of these factors and the reliability of hydroelectric equipment, operating expenses for hydroelectric facilities are low and predictable compared to other types of electricity generation technologies.
Environmentally Preferable	Hydroelectric generation produces virtually no greenhouse gas emissions or emissions that create acid rain, both of which have significant negative impacts on the environment. Hydroelectric generation creates none of the thermal, chemical, radioactive, water, and air pollution associated with fossil fuel and nuclear generated power. No substantial amount of residual waste is produced during the power generation process; the water is simply returned to the river.
Low Environmental Impact	Small hydroelectric generating facilities, generally defined in Canada as facilities of less than 50 MW, are typically run-of-river facilities that do not have significant reservoir capacity. This reduces the potentially harmful effect of upstream flooding and other environmental impacts that may change the flow of water within a given area.

#### Wind Power Generating Process

Electricity generated from wind is becoming an increasingly important source of power globally, including in North America. Like hydroelectric generation, wind generation is not subject to fuel price volatility and it produces no greenhouse gas or other emissions. Wind turbines can only generate electricity when the wind blows at speeds within a certain operating range.

Energy is produced from the wind power exerted on the blades of a wind turbine which are attached to a central shaft to rotate a generator. Wind turbines are equipped with a control system which optimizes electrical production and adjusts to varying wind speed and direction.

Below is a list of the principal advantages of wind power generation.

Low Operating Costs	Wind farms do not have any fuel costs and use a remote monitoring system that allows for offsite operation and supervision. In addition, improvements to wind turbine technology have increased the efficiency and reliability of wind energy projects. As a result, operating expenses are low compared to many traditional methods of electricity generation.
Lower Construction Risk	Wind farms are relatively simple to construct compared to more traditional electricity generating facilities. A typical wind farm can be constructed within a much shorter time frame than other power facilities, such as hydro, natural gas, nuclear, or coal facilities, which can take several years to complete. As a result, wind farms are less susceptible to risks associated with construction delays and cost overruns.
Reliability	Modern wind turbines are very reliable. Availability, a measure of an electricity generation system's reliability, is calculated as the percentage of time the system is able to operate relative to total time available. The difference between the two is largely attributable to maintenance and repairs. Average availability for modern wind turbines is typically approximately 98%.
Environmentally Preferable	Wind farms do not produce any greenhouse gas emissions or acid rain, both of which have significant negative impacts on the environment. Wind energy generation does not result in thermal, chemical, radioactive, water, and air pollution associated with fossil fuel and nuclear generated power.
Limited Use of Land	Wind farms require only a small percentage of the land they occupy for road access and foundations. The rest of the project's site is available for other uses, such as agriculture, industry, and recreation.

## Solar Photovoltaic Power Generating Process

Solar PV power generating facilities consist of an array of solar panels. These solar panels are made up of smaller solar cells (often encased in glass to protect them from the elements), which convert electromagnetic radiation from the sun into electricity by means of semiconductors. The semiconductors use photons of light to knock electrons into a higher state of energy to create electricity (known as the photovoltaic effect).

The electricity produced by solar PV generating facilities is in the form of direct current (unilateral flow of electricity). An inverter is required to convert the direct current electricity to alternating current, which is the type of current upon which most electricity distribution and transmission grids are based.

Below is a list of the principal advantages of solar PV power generation.

Construction and Operating Costs	Solar power generation by solar PV farms is growing all over the world. Solar PV generation costs remain high in comparison to hydro or wind and still require government incentives for new projects to be built in Canada. However, costs have been decreasing steadily due to efficiencies in the supply chain. The cost of solar PV modules is becoming more affordable for large scale projects, and their reliability has been proven for projects operating for more than 20 years.
Environmentally Preferable	Solar PV farms do not produce any greenhouse gas emissions or acid rain, both of which have significant negative impacts on the environment. Solar energy generation does not result in thermal, chemical, radioactive, water, and air pollution associated with fossil fuel and nuclear generated power. The visual impact of solar projects is negligible and the lands occupied are fully rehabilitable without any negative impact after the end of the project and most of the equipment, such as racking and modules, can be fully removed and recycled.
Reliable Resource	The sun's availability, in both duration and intensity, is well documented and has generally been monitored for a long period of time. The yearly variation of the resource lies in the 3% to 4% range.
Construction, Operation, and Maintenance	Solar PV farms are easy to build and all costs can be quantified in advance of construction. The construction of a solar farm project consists of standard foundation and racking systems, PV modules, wiring, and connection to the power grid. The civil structures are limited to maintenance access roads, fencing, and a small control building.  The maintenance of a solar farm is quite simple considering the fact that there are no mechanical components, such as for turbines. Performance of the PV systems is controlled by a monitoring system and maintenance is limited to some cleaning and minor repairs.

## FACTORS AFFECTING RENEWABLE ELECTRICITY PRODUCTION PERFORMANCE

Renewable energy projects, such as run-of-river hydroelectric facilities, wind farms and solar PV farms depend on "fuel" sources which are, by their very nature, variable. Therefore, the level of production on a day-to-day basis is also variable. However, long-term historical records for hydroelectric energy and site-specific measurements for hydro and wind energy allow for a monthly or annual average or "mean" hydrology or wind speed, which in turn allow for electricity production to be estimated using statistical analysis.

Expected annual production for a turbine is calculated as follows:

$$\text{Annual Production (MWh)} = \text{Turbine Capacity (MW)} \times \text{No. hours in one year (Hours)} \times \text{Usage Factor (\%)}$$

Expected annual production for a solar PV generation facility is calculated as follows:

$$\text{Annual Production (MWh)} = \text{Panel Capacity (MW)} \times \text{No. hours in one year (Hours)} \times \text{Usage Factor (\%)}$$

Turbine capacity, measured in megawatts, is an indication of the electricity production capability of a turbine. Turbine capacity multiplied by the number of hours in one year (8,760 hours) gives the maximum theoretical annual production of a turbine measured in MWh. Hydro turbines are typically customized based on the characteristics of the site. Current utility-scale land-based wind turbines have a capacity ranging from less than two MW to over three MW.

As operation of the turbine is dependent on water flow or wind speed, a turbine does not operate every hour of the year. Production from solar farms is dependant of the sunlight. The usage factor is a measure of the productivity of an electricity-generating source. It is defined as the percentage of electricity that an electricity-generating source is expected to produce relative to maximum theoretical production in a given period of time. For example, an energy site that has a theoretical maximum production of 100 MWh per year, but actually only produces an average of 30 MWh per year, has a usage factor of 30%. There are a number of factors that preclude a wind or hydro powered electricity-generating turbine or solar panels from operating at their theoretical maximum. The primary factors are mean water

flow, wind speed and sunlight. Therefore, a turbine or solar panels will operate for significant periods of time at power outputs less than the rated capacity. Other factors also affect the usage factor but are generally much less significant. For example, scheduled annual maintenance will reduce the amount of time that equipment is available for production. In addition, there may be periods of unscheduled non-operation resulting from equipment failure.

In general, hydro projects have usage factors ranging from 40% to 70%, wind energy projects have usage factors ranging from 25% to 40% depending on various site-specific factors, and solar PV projects have usage factors from a few percentage points for fixed thin film technology to more than 20% for monocrystalline modules installed with a double axis tracking system.

### COMPETITIVE CONDITIONS

The Corporation operates in the Canadian power sector, and is affected by the supply of and demand for power in the provinces in which it operates, namely Québec, British Columbia and Ontario, as well as the availability of transmission lines and overall economic conditions in Canada. Within this sector, the Corporation faces competition from large utilities, coal, nuclear, and natural gas electricity producers, other independent power producers and institutions such as investment management funds. The market price for natural gas and other commodities are important drivers of electricity prices that are in competition with electricity prices from renewable energy. In addition, the Corporation depends on the sale of its power to provincially-owned utilities through long-term PPAs that are generally obtained through a competitive procurement process. It also may face competition when seeking to make acquisitions, which can attract competing bids from other potential acquirers. The Corporation manages the risks posed by such competitive conditions through its ongoing strategic planning process. These risks are further mitigated by the Corporation's geographically diverse portfolio of projects, its strategy of focusing on low-impact renewable projects and of entering long-term power purchase agreements with a fixed price, its proven track record and its experienced management team.

### ECONOMIC DEPENDENCE

The Corporation does not believe it is substantially dependant on any single contractual agreement. However, the Corporation has identified two major customers. The sales of the Corporation to these major customers under its various PPAs, represented more than 10% of its 2014 revenues of \$241.8 million (\$198.3 million in 2013):

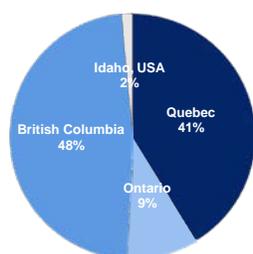
Major Customer	Credit Rating From Standard & Poor's	Segment	Revenues for the years ended	
			Dec. 31, 2014 \$M	Dec. 31, 2013 \$M
BC Hydro	AAA	Hydroelectric generation	107.2	72.3
Hydro-Québec	A+	Hydroelectric and wind power generation	94.7	86.9

### SEASONALITY AND CYCLICALITY

The renewable power industry is inherently seasonal due to the industry's dependence on weather for the availability of water, wind and sunlight resources for electrical generation. The Corporation has reduced its exposure to the seasonality of the industry by virtue of the fact that its facilities and projects are geographically diversified (spanning the provinces of Québec, British Columbia and Ontario and the State of Idaho). These facilities and projects also offer a mix of energy sources, providing further diversification and thereby reducing the Corporation's dependence on any one resource and any one region.

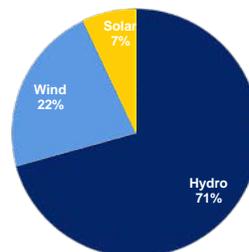
#### **Geographic Diversification**

Based on 2014 consolidated revenues of \$241.8 million



#### **Energy Source Diversification**

Based on 2014 consolidated revenues of \$241.8 million



The renewable power industry is also inherently cyclical due to the high degree of correlation between demand for electricity and general economic conditions. The Corporation has reduced its exposure to the cyclicity of the industry by virtue of the fact that it has entered into PPAs with terms of 20 years or more with respect to all of its projects under development. Furthermore, the remaining weighted-average life of PPAs for the Corporation's operating facilities was 18.5 years as of March 27, 2015, thereby reducing the Corporation's exposure to variations in the demand for and the price of electricity.

## DESCRIPTION OF THE BUSINESS AND ASSETS OF THE CORPORATION

### GENERAL OVERVIEW - SEGMENT INFORMATION

As of December 31, 2014, the Corporation had four reportable segments: (i) hydroelectric generation; (ii) wind power generation; (iii) solar power generation; and (iv) site development. Through its hydroelectric generation, wind power generation and solar power generation segments, the Corporation sells electricity produced by its hydroelectric facilities, wind farms and solar farm in operation to publicly-owned utilities. Through its site development segment, the Corporation analyses potential sites and develops hydroelectric, wind and solar farm facilities up to commissioning stage.

Operation revenues of Corporation by reportable segments, excluding the site development segment which does not generate operation revenues:

Reportable Segments	2014 Operation Revenues		2013 Operation Revenues	
	\$ 000	% of total revenues	\$ 000	% of total revenues
Hydroelectric generation	171,029	71%	126,932	64%
Wind power generation	53,971	22%	54,499	28%
Solar power generation	16,834	7%	16,828	8%

### PORTFOLIO OF ASSETS

The Corporation's portfolio is comprised of interests in three groups of power generating projects: (i) 33 facilities that are in commercial operation (the "**Operating Facilities**"); (ii) five projects for which PPAs have been secured and which are either under construction or scheduled to begin commercial operation on planned dates (the "**Development Projects**"); and (iii) numerous projects that are in preliminary development stages, some of which are targeted toward specific current and future Requests for Proposals or standard offer programs or are targeted toward negotiated PPAs with public utilities (the "**Prospective Projects**").

The Corporation intends to continue to own and operate its Development Projects and Prospective Projects as they become operational.

The Corporation's net capacity, measured on an ownership-weighted basis, represents 207.9 MW out of the 318.5 MW gross capacity of its Development Projects and approximately 3,190 MW out of 3,330 MW gross capacity of its Prospective Projects.

The Corporation often teams up with a strategic partner when investigating prospective projects, potential acquisitions or preparing projects in response to a Request for Proposals. When this is the case, the Corporation and the strategic partner will typically share in the ownership of such projects. Some of our current strategic partners are:

- Kanaka Bar Indian Band: owner of 50% of the Kwoiek Creek Facility
- Ledcor Power Group Ltd. ("**Ledcor**"): owner of 33.3% of the Fitzsimmons Creek Facility, the Boulder Creek and Upper Lillooet Development Projects and various other Creek Power Prospective Projects
- The three Mi'gmaq communities of Québec: owner of 50% of the interest in the Mesgi'g Ugnu's'n (MU) Project
- Ojibways of the Pic River First Nation; owner of 51% of the Umbata Falls Facility
- Regional County Municipality of Rivière-du-Loup: owner of 50% of the Viger-Denonville Wind Farm
- Saik'uz First Nation: for the development of a prospective wind farm project at Nulki Hills near Vanderhoof, British Columbia
- TransCanada Energy Ltd. ("**TransCanada**"): undivided co-owner of 62% of the Cartier Wind Farms

- The In-SHUCK-ch Nation: for the development of six prospective hydroelectric projects in British Columbia.

## OPERATING FACILITIES

Our Operating Facilities are located in four regional markets: the provinces of British Columbia, Ontario, Québec and the State of Idaho. In each of these regional markets, the sole power purchasers for all the power produced by the corporation are respectively, BC Hydro, Hydro One Network Inc. and its affiliates, Hydro-Québec and Idaho Power Company, all of which are investment grade counterparties. The interests in 17 of our operating facilities are solely owned by the Corporation. All the other facilities are held through various ventures with strategic partners or investors. The table beside this paragraph shows the Corporation's operating facilities gross and net capacity.

OPERATING FACILITIES	
<b>Hydro</b>	
Gross Capacity	547.0 MW
Net Capacity	417.7 MW
<b>Wind</b>	
Gross Capacity	614.1 MW
Net Capacity	236.3 MW
<b>Solar</b>	
Gross Capacity	33.2 MW
Net Capacity	33.2 MW
<b>Total:</b>	
Gross Capacity	1,194.3 MW
Net Capacity	687.2 MW

Net capacity represents the proportional share of the total capacity attributable to Innergex, based on its ownership interest in these facilities. All operating facilities of the Corporation are operating under long-term fixed price PPAs with investment grade public utilities, with the exception of the Miller Creek PPA price which is based on the Platts Mid C Index and the St-Paulin PPA which reached the end of its initial 20-year term in November 2014. The Corporation had sent Hydro-Québec a notice of automatic renewal of the St-Paulin PPA for an additional 20-year term. Following initial discussions, the Corporation and Hydro-Québec could not reach agreement on the renewal terms and conditions and the Corporation subsequently filed a notice of arbitration. The Corporation has agreed with Hydro-Québec to suspend its arbitration proceeding until a decision is made in another arbitration proceeding already under way between Hydro-Québec and other independent power producers. In the meantime, Hydro-Québec has agreed to maintain the terms and conditions of the Saint- Paulin PPA until 30 days following the decision in this other arbitration proceeding.

## OPERATING HYDROELECTRIC FACILITIES

The Corporation owns interests in 26 operating hydroelectric facilities which have an aggregate net installed capacity of 417.7 MW (gross 547.0 MW) out of which 9 are located in the Province of Québec, 3 in Ontario, 13 in British Columbia and one in Idaho, USA. They are all fully automated and may be operated locally or remotely.

### Hydroelectric Facilities Located in Québec

The nine run-of-river hydroelectric power generating facilities of the Corporation located in the Province of Québec have an aggregate capacity of 136.6 MW and are further described in the following table.

HYDROELECTRIC FACILITIES LOCATED IN QUÉBEC							
Name of the facilities	Gross Capacity (MW)	Equity Interest	Estimated Long Term Average Production (MWh)	COD	PPA initial term (years)	PPA Expiry	Average price of electricity in 2014 <sup>(1)</sup> (\$ per MWh)
Saint-Paulin	8	100%	41,082	1994	20	2034	83.41 <sup>(2)</sup>
Windsor <sup>(3)</sup>	5.5	100%	31,000	1996	20	2016	94.85
Chaudière	24	100%	116,651	1999	20	2019	90.37
Montmagny	2.1	100%	8,000	1996	25	2021	85.84
Portneuf - 1	8	100%	40,822	1996	25	2021	83.84
Portneuf - 2	9.9	100%	68,496	1996	25	2021	83.84
Portneuf - 3	8	100%	42,379	1996	25	2021	83.84
Magpie	40.6	99.996%	185,000	2007	25	2032	57.37 <sup>(4)</sup>
SM-1 <sup>(5)</sup>	8.5 22.0	50.01%	166,500	1993 2002	25 25	2018 2027	68.48
<b>Total:</b>	<b>136.6</b>		<b>699,930</b>				

(1) The price of the delivered electricity payable by Hydro-Québec is based on a formula with a base price set forth in each of the PPAs and is adjusted annually in accordance with the inflation rate of the consumer price index for Canada ("CPI"), subject to a minimum increase of 3% per annum and a maximum increase of 6% per annum, except the one for the Magpie Facility which is adjusted annually at a rate of 1% and for the second PPA of SM-1 which is adjusted annually at a rate of 2%.

(2) The PPA for the 8.0 MW Saint-Paulin Facility reached the end of its initial 20-year term in November 2014. The Corporation had sent Hydro-Québec a notice of automatic renewal of the PPA for an additional 20-year term. Following initial discussions, the Corporation and Hydro-Québec could not reach agreement on the renewal terms and conditions and the Corporation subsequently filed a notice of arbitration. The Corporation has agreed with Hydro-Québec to suspend its arbitration proceeding until a decision is made in another arbitration proceeding already under way between Hydro-Québec and other independent power producers. In the meantime, Hydro-Québec has agreed to maintain the terms and conditions of the Saint-Paulin PPA until 30 days following the decision in this other arbitration proceeding.

(3) The Windsor Facility PPA will reach the end of its initial 20-year term in January 2016 and the Corporation has sent Hydro-Québec a notice of automatic renewal of the PPA for an additional 20-year term.

(4) The Magpie Facility is certified by EcoLogo and benefit from the ecoENERGY Initiative from the Federal Government for renewable energy providing for an incentive payment of \$10 per MWh for its first ten years of operations ("ecoENERGY Initiative"), which is included in the price.

(5) The SM-1 Facility has two PPAs totalling 30.5 MW.

### Location, Site or Water Rights and Additional Information

#### Saint-Paulin Facility

- Located on public land in the Municipality of Saint-Paulin, the site is subject to a superficies lease (the initial period of which expired in November 2014 and which was renewed for an additional period ending in 2034). Upon termination of the lease the Saint-Paulin Facility and other improvements erected on the site will become the ownership of the beneficial owner of the site.
- The Saint-Paulin Facility PPA initial term expired in November 2014 and a notice of automatic renewal for an additional period ending in 2034 was sent to Hydro-Québec. Following initial discussions, the Corporation and Hydro-Québec could not reach agreement on the renewal terms and conditions and the Corporation subsequently filed a notice of arbitration. The Corporation has agreed with Hydro-Québec to suspend its arbitration proceeding until a decision is made in another arbitration proceeding already under way between Hydro-Québec and other independent power producers. In the meantime, Hydro-Québec has agreed to maintain the terms and conditions of the initial Saint-Paulin PPA until 30 days following the decision in this other arbitration proceeding.

#### *Windsor Facility*

- Located on private land on the St-François River near the town of Windsor, the site and the hydraulic forces are subject to an emphyteutic lease ending in 2036. Upon termination of the emphyteutic lease, the Windsor Facility and other improvements erected on the site will become the ownership of the owner of the site.
- Upon its initial term ending in 2016, the PPA is renewable for a further period of 20 years. The Corporation has sent Hydro-Québec a notice of automatic renewal of the PPA for an additional 20-year term.

#### *Chaudière Facility*

- Located partially on land owned by the Corporation and on public land on the Chaudière River in the town of Lévis, the portion of the site located on public land is subject to a lease expiring in 2019 and renewable for an additional 20-year period.
- Both the Chaudière Facility lease and PPA are renewable for a further period not to exceed 20 years.

#### *Montmagny Facility*

- Located mainly on private land owned by the Corporation on the Rivière du Sud in the town of Montmagny.
- The hydraulic forces and a portion of the bed of the river are subject to a lease expiring in 2018 and which may be renewed for an additional 20-year period at the option of the Corporation.
- The Montmagny Facility PPA is renewable for a further period not to exceed 25 years.

#### *Three Portneuf Facilities*

- Located on private land on the Portneuf River near Sainte-Anne-de-Portneuf within the Seigneurie des Mille-Vaches, the Portneuf facilities are subject to an emphyteutic lease expiring in December 2025 and which may be renewed for an additional 25-year period. Upon expiry or other termination of the emphyteutic lease, the Portneuf Facilities and other improvements erected on the premises will become the ownership of the landlord.
- The Portneuf Facilities PPA is renewable for a further period not to exceed 25 years.

#### *Magpie Facility*

- Located on public lands on the Magpie River in the Minganie Regional County Municipality (the "**Minganie RCM**"), it is subject to a lease expiring in 2032 which contains a right of first refusal for the lease to continue operations thereafter under the terms and conditions fixed by the Government.
- Upon termination of the lease, the Magpie Facility and other improvements located on the site will become the property of the Minister of Natural Resources and Wildlife and the Minister of Sustainable Development, Environment and Parks, unless such ministers waive such right.
- The Minganie RCM holds 30% of the voting units and 0,004% of the common units of Magpie Limited Partnership, as well as an interest bearing convertible debenture which entitles the Minganie RCM to a 30% interest in the Magpie Facility upon its conversion on or before January 1, 2025. The term of the PPA ends in 2032.

#### *SM-1 Facility*

- Located mainly on private land, owned by the Corporation, on the Sainte-Marguerite River near the town of Sept-Îles.
- The SM-1 Facility is owned by Innergex Sainte-Marguerite, S.E.C., of which the Corporation and the Desjardins Group Pension Plan respectively own 50.01% and 49.99% of its common units.
- The SM-1 Facility has two PPAs. Upon their respective initial terms ending in 2018 and 2027, the PPAs are renewable for an additional period not to exceed 25 years.

## Hydroelectric Facilities Located in Ontario

The Corporation holds interests in three run-of-river hydroelectric facility located in Ontario with a total aggregate capacity of 36 MW out of which two facilities are solely owned by the Corporation.

HYDROELECTRIC FACILITIES LOCATED IN ONTARIO							
Name of the facilities	Gross Capacity (MW)	Equity Interest	Estimated Long Term Average Production (MWh) <sup>(1)</sup>	COD	PPA initial term (years)	PPA Expiry	Average price of electricity in 2014 <sup>(2)</sup> (\$ per MWh)
Glen Miller	8	100%	41,606	2005	20	2025	68.05
Umbata Falls	23	49%	53,461	2008	20	2028	84.48 <sup>(3)</sup>
Batawa	5	100%	32,938	1999	30	2029	68.96
<b>Total:</b>	<b>36</b>		<b>128,005</b>				

(1) Net interest adjusted in accordance with revenue recognition accounting rules under IFRS except for Umbata Falls where it represents 49% of the long-term average.

(2) The price of the delivered electricity payable by the OPA or its affiliates is based on a formula with a base price set forth in each of the PPAs and is adjusted annually in accordance with a formula based on a portion of the inflation rate of the CPI.

(3) The Umbata Falls Facility is certified by EcoLogo and benefits from the ecoENERGY Initiative providing for an incentive payment of \$10 per MWh for its first ten years of operations included in the price.

## Location, Site and Water Rights and Additional Information

### *Glen Miller Facility*

- Mainly located on private land on the Trent River in the town of Trenton.
- It is subject to a lease expiring in 2035 with a 15-year extension option subject to renewal of the Glen Miller Facility's PPA for such period. For the remaining portion of the site, the Corporation holds licences of occupation and permission to encroach.
- No water power rental is required for this site.
- Upon expiration of the lease agreement, the Glen Miller Facility will be transferred to the landlord for no further consideration.

### *Umbata Falls Facility*

- Located on public land on the White River near the town of Marathon.
- It is subject to a lease expiring in January 2040 and holds an electricity generation permit and a permit to take water for storage for power generation.
- The Umbata Falls Facility is owned by Umbata Falls LP, 49% of which is indirectly owned by the Corporation and the remaining 51% is owned by the Ojibways of the Pic River First Nation. Pursuant to a Management Agreement, the Corporation provides management services for the Umbata Falls Facility.
- 25 years following COD, Umbata Falls LP will be dissolved and its property and assets will be transferred to the Ojibways of the Pic River First Nation.

### *Batawa Facility*

- Located on public land on the Trent-Severn Waterway near the town of Trenton.
- It is subject to a licence to occupy land expiring upon termination of the Batawa Facility PPA, which is renewable on conditions to be determined and it holds a licence to occupy land and use of surplus water ending in 2030.
- Following the end of its initial term, the Batawa Facility PPA will remain valid until one year following a termination notice.

## Hydroelectric Facilities Located in British Columbia

The Corporation owns interests in thirteen hydroelectric run-of-river generating power facilities in British Columbia with a combined installed capacity of 364.9 MW out of which five facilities are solely owned by the Corporation. The other facilities interests are held through various ventures.

HYDROELECTRIC FACILITIES LOCATED IN BRITISH COLUMBIA							
Name of the facilities	Gross Capacity (MW)	Equity Interests	Estimated Long Term Average Production (MWh) <sup>(1)</sup>	COD	PPA initial term (years)	PPA Expiry	Average price of electricity in 2014 <sup>(2)(3)</sup> (\$ per MWh)
Brown Lake	7.2	100%	51,800	1996	20	2016	74.84
Miller Creek	33	100%	102,795	2003	20	2023	36.35
Rutherford Creek	49.9	100%	180,000	2004	20	2024	57.29
Ashlu Creek	49.9	100%	265,000	2009	40	2039	69.74
Douglas Creek	27	50.0024%	92,610	2009	40	2049	89.52
Fire Creek	23	50.0024%	94,175	2009	40	2049	91.23
Lamont Creek	27	50.0024%	105,173	2009	40	2049	89.45
Stokke Creek	22	50.0024%	87,990	2009	40	2049	89.89
Tipella Creek	18	50.0024%	69,942	2009	40	2049	91.64
Upper Stave River	33	50.0024%	144,406	2009	40	2049	90.14
Fitzsimmons Creek	7.5	66.67%	33,000	2010	40	2050	92.58
Kwoiek Creek	49.9	50%	223,400	2014	40	2054	84.55
Northwest Stave River	17.5	100%	63,300	2013	40	2053	106.10
<b>Total:</b>	<b>364.9</b>		<b>1,513,591</b>				

(1) Net interest adjusted in accordance with revenue recognition accounting rules under IFRS.

(2) The price of the delivered electricity payable by the BC Hydro is fixed in each of the PPAs and is adjusted annually in accordance with a formula based on a portion of the inflation rate of the CPI, except for the Brown Lake PPA which is provided with an annual power rate increase of 3% and the Miller Creek PPA which is based on a formula using the Platts Mid-C pricing index.

(3) The Ashlu Creek, Fitzsimmons Creek, Douglas Creek, Fire Creek, Lamont Creek, Stokke Creek, Tipella Creek and Upper Stave River hydroelectric facilities are certified by EcoLogo and benefit from the ecoENERGY Initiative providing for an incentive payment of \$10 per MWh for their first ten years of operations.

### Location, Site and Water Rights and Additional Information

**Water Rights:** In British Columbia the rights for the use of water to operate hydro electricity production facilities are mainly granted pursuant to conditional water licences issued by the Minister of Forest, Land and Natural Resources Operations to the beneficial owner of the land, under the *Water Act* (British Columbia), for a duration generally in accordance with the PPA.

#### *Brown Lake Facility*

- Located on the Ecstall River near Prince Rupert.
- Its power house is located on private land owned by Brown Miller Power GP Inc. and statutory right of ways are secured for the remaining portion of the facility.
- Following the end of its initial term in June, 2016, the Brown Lake Facility PPA will continue from year to year unless terminated on 6-months' notice.

#### *Miller Creek Facility*

- Located on public land on Miller Creek near Pemberton.
- It is subject to a lease expiring in January, 2038 and statutory right of ways.
- Following the end of its initial term, in 2023, the Miller Creek Facility PPA is subject to two consecutive five-year renewals at BC Hydro's option.

#### *Rutherford Creek Facility*

- Located on public land on Rutherford Creek near Pemberton.
- It is subject to a lease expiring in October 2035 and statutory right of ways.

#### *Ashlu Creek Facility*

- Principally located on public land on Ashlu Creek near Squamish.
- It is subject to a lease and statutory right of ways, all expiring in November, 2039.
- The assets of the Ashlu Creek Facility will be transferred to the Squamish First Nation for a nominal price after 40 years from COD.

#### *The Harrison Operating Facilities*

The Corporation owns a 50.0024% interest in the following six run-of-river operating hydroelectric facilities having a combine gross installed capacity of 150 MW (the "**Harrison Operating Facilities**") through ownership of 50.0024% of limited partnership units of Harrison Hydro Limited Partnership ("**HHLP**"), and of 50% of the shares of Cloudworks Holdings Inc. ("**CHI**"), the sole shareholder of Harrison Hydro Inc. the general partner of HHLP. The balance of the limited partnership units of HHLP are owned by CC&L Harrison Hydro Project Limited Partnership ("**CC&L**") (34.9981%), LPF (Surfside) Development L.P. (14.9985%) and CHI (0.01%). The balance of the shares of CHI (50%) is owned by the general partner of CC&L. All six of the Harrison Operating Facilities connect to BC Hydro's high voltage transmission system at a shared substation they collectively own (the "**Shared Substation**") located next to BC Hydro's Upper Harrison Terminal (the "**UHT**"). The Northwest Stave River Facility also interconnects at the Shared Substation to the UHT pursuant to an Interconnection Agreement entered into between Northwest Stave River Hydro Limited Partnership and all six of the Harrison Operating Facilities and other related parties.

The Shared Substation is located on Douglas Indian Band Reserve No. 8 and the land rights for the shared substation are secured pursuant to a sublease from an entity owned by the Douglas Indian Band which expires in August 2104.

#### *Douglas Creek Facility*

- Located nearby the confluence of Douglas Creek with Little Harrison Lake, primarily on reserve lands of the Douglas Indian Band and it is subject to two Sub-Leases and statutory right of ways.
- One sub-lease expiring in October 2069 and the other in 2104.
- Ownership of the Douglas Creek Facility will be transferred, on the 60<sup>th</sup> anniversary of COD to the Douglas First Nation band ("**DFN**") for no further consideration.

#### *Fire Creek Facility*

- Located on public land nearby the confluence of the Fire Creek and the Lillooet River, the land rights are secured by a Crown lease expiring in 2051 and statutory right of ways.

#### *Lamont Creek Facility*

- Located on public land nearby the confluence of Lamont Creek with the Stave River, it is subject to a crown lease expiring in 2052 and statutory rights of ways.

#### *Stokke Creek Facility*

- Located on public land nearby the confluence of Stokke Creek with the Harrison Lake, it is subject to a crown lease expiring in 2051 and statutory rights of ways.

#### *Tipella Creek Facility*

- Located on public land nearby the confluence of the Tipella Creek with the Harrison Lake, it is subject to a crown lease expiring in 2051 and statutory rights of ways.
- Ownership of the Tipella Creek Facility will be transferred, on the 60<sup>th</sup> anniversary of COD to the DFN for no further consideration.

#### Upper Stave River Facility

- Located on public land on the Stave River, it is subject to a lease expiring in 2052 and statutory rights of ways.

#### Fitzsimmons Creek Facility

- Located on public land on the Fitzsimmons Creek in the resort municipality of Whistler.
- It is subject to a lease expiring in 2050 and a licence of occupation expiring in 2018.
- The Fitzsimmons Creek Facility is owned by Fitzsimmons Creek Hydro Limited Partnership which is indirectly respectively held at 66.7% by the Corporation and 33.3% by Ledcor.

#### Kwoiek Creek Facility

- Mainly located on reserve Lands of the Kanaka Bar Indian Band known as Whyeek Indian Reserve Number 4. A head lease was entered into between Kwoiek Creek Resources Inc. and the Minister of Indian Affairs and Northern Development and in respect of a certain portion of the Whyeek Indian Reserve No. 4 which expires in November 2109. The leased lands were subleased to Kwoiek Creek Resources Limited Partnership for a term expiring one day before expiry or termination of the head lease.
- Forty years after the beginning of the operations, the Corporation's ownership will be transferred to the other partner. Subsequently, the Corporation will receive a royalty based on a percentage of the gross revenues less project costs.
- This Facility is owned by Kwoiek Creek Resources Limited Partnership, of which Kwoiek Creek Resources Inc. (a company wholly-owned and controlled by the Kanaka Bar Indian Band) and the Corporation each own 50% of the limited partnership units.

#### Northwest Stave Facility

- Located on public land near Mission.
- It is subject to various licences of occupation.
- The licences of occupation are in the process of being replaced by a long term lease and statutory rights of way.

#### [Hydroelectric Facility located in Idaho, USA](#)

HYDROELECTRIC FACILITY LOCATED IN IDAHO, USA							
Name of the facility	Gross Capacity (MW)	Equity Interests	Estimated Long Term Average Production (MWh) <sup>(1)</sup>	COD	PPA initial term (years)	PPA Expiry	Average price of electricity in year 2014 <sup>(1)</sup> (\$ per MWh)
Horseshoe Bend	9.5	100%	46,800	1995	35	2030	75.38

(1) The price of the delivered electricity payable by the Idaho Power Company is set forth in the PPA and is adjusted based on a formula provided therein.

#### Horseshoe Bend Facility

- Located on the Payette River in the city of Horseshoe Bend on private land owned by Horseshoe Bend Hydroelectric Company.
- The water rights are licenced by the Idaho Department of Water Resources and are subject to review on or after May 21, 2036.
- The price of delivered electricity payable by Idaho Power Company is adjusted according to a formula provided for in the Horseshoe Bend PPA.

## OPERATING WIND FARMS

### Wind Farms Located in Québec

The Corporation owns interests in six wind farms all located in the Province of Québec, with an aggregate net installed capacity of 236.3 MW (gross 614.1 MW).

WIND FARMS LOCATED IN QUÉBEC							
Name of the wind farms	Gross Capacity (MW)	Equity Interests	Estimated Long Term Average Production (MWh) <sup>(1)</sup>	COD	PPA initial term (years)	PPA Expiry	Average price of electricity in year 2014 <sup>(2)</sup> (\$ per MWh)
Baie-des-Sables	109.5	38%	113,360	2006	20	2026	87.17
L'Anse-à-Valleau	100.5	38%	113,240	2007	20	2027	87.09
Carleton	109.5	38%	129,398	2008	20	2028	89.15
Montagne Sèche	58.5	38%	73,492	2011	20	2031	73.78
Gros-Morne	211.5	38%	247,000	2011 2012 <sup>(3)</sup>	21	2032	69.72
Viger-Denonville	24.6	50%	36,200	2013	20	2033	148.55
<b>Total:</b>	<b>614.1</b>		<b>712,690</b>				

(1) Net interest adjusted in accordance with revenue recognition accounting rules under IFRS, except for Viger-Denonville Wind Farm where it represents 50% of long-term average.

(2) The price payable by Hydro-Québec under each of the six Québec Wind Farms PPAs is fixed and calculated in accordance with their respective terms and conditions with an annual increase formula based on a portion of the CPI. The Baie-des-Sables, L'Anse-à-Valleau and Carleton wind farms benefit from the ecoENERGY Initiative providing for an incentive payment of \$10 per MWh for their first ten years of COD. As per the PPA of the Baie-des-Sables, L'Anse-à-Valleau and Carleton wind farms, the Corporation must transfer 75% of the Baie-des-Sables, L'Anse-à-Valleau and Carleton wind farms subsidies to Hydro-Québec. Gross ecoENERGY subsidies are included in the average price of electricity.

(3) Construction of the Gros-Morne Wind Farm was performed in two phases: phase I for a total of 100.5 MW was brought to COD in 2011 and phase II for a total of 111 MW in 2012.

#### *Baie-des-Sables Wind Farm*

- Located in Baie-des-Sables and Métis-sur-Mer on privately owned sites subject to deeds of superficies rights and servitudes.

#### *L'Anse-à-Valleau Wind Farm*

- Located in the l'Anse-à-Valleau within the municipality of Gaspé, a portion of this wind farm is located on privately owned sites subject to deeds of superficies rights and servitudes and the wind farm is mainly located on public land with long term leases expiring in November 2028 which may be renewed.

#### *Carleton Wind Farm*

- Located in Carleton-sur-Mer in the Regional County municipality of Bonaventure on public land subject to long term leases with a term expiring in December 2029 which may be renewed.

#### *Montagne Sèche Wind Farm*

- Located in The township of Cloridorme on public land subject to long term leases with a term expiring in December 2032, which may be renewed.

#### *Gros-Morne Wind Farm*

- Located in Saint-Maxime-du-Mont-Louis and Sainte-Madeleine-de-la-Rivière-Madeleine. Most of the farm is located on public land and subject to a lease ending in December 2033 which may be renewed.

The Corporation and TransCanada respectively own, through various single purpose entities, as undivided co-owners, 38% and 62% of (i) the Carleton Wind Farm, (ii) the L'Anse-à-Valleau Wind Farm, (iii) the Baie-des-Sables Wind Farm, (iv) the Montagne Sèche Wind Farm and (v) the Gros-Morne Wind Farm (collectively, the "**Cartier Wind Farms**"). Operation and maintenance of each of the Cartier Wind Farms is taken over by entities owned equally by the Corporation and TransCanada after the end of each of the service agreements with the turbine supplier.

### Viger-Denonville Wind Farm

- Located on private land in the municipalities of St-Paul-de-la-Croix and Saint-Épiphan, it is subject to deeds of superficies rights and servitudes
- The Corporation and the Municipalité régionale de comté de Rivière-du-Loup each own a 50% equity interest in the Viger-Denonville Wind Farm.

### OPERATING SOLAR FARM

#### Solar Farm Located in Ontario

SOLAR FARM LOCATED IN ONTARIO							
Name of the solar farm	Gross Capacity (MW)	Equity Interests	Estimated Long Term Average Production (MWh)	COD	PPA initial term (years)	PPA Expiry	Average price of electricity in year 2014 (\$ per MWh)
Stardale	33.2	100%	38,166	2012	20	2032	420.00

#### Stardale Solar Farm

- Located on private land owned by Stardale Solar LP in the East Hawkesbury Township.
- All the energy delivered by the Stardale Solar Farm is sold pursuant to three PPAs with the Ontario Power Authority each with a term ending in 2032.

### DEVELOPMENT PROJECTS

As of the date of this Annual Information Form, the Corporation had interests in 5 projects that are expected to reach commercial operation between 2015 and 2016. The Development Projects represent an aggregate potential net installed capacity of 207.9 MW (gross 318.5 MW). All of the Development Projects are set forth in the following table and further described below:

Province	Projects	Expected gross installed Capacity (MW)	Equity Interest	Estimated Construction Costs <sup>(1)</sup> (\$M)	Power Purchaser	Estimated Gross Long Term Average (MWh)	Expected Commercial in Service Date	PPA Term (years)
<b>Hydroelectric Projects</b>								
BC	Boulder Creek	25.3	66.67%	119.2	BC Hydro	92,500	2016	40
BC	Upper Lillooet River	81.4	66.67%	315.0	BC Hydro	334,000	2016	40
BC	Tretheway Creek	21.2	100%	111.5	BC Hydro	81,000	2015	40
BC	Big Silver Creek	40.6	100%	216.0	BC Hydro	139,800	2016	40
Subtotal:		168.5		761.7		647,300		
<b>Wind Farm Project</b>								
Québec	Mesgi'g Ugju's'n (MU)	150	50%	340.0	Hydro-Québec	515,000	2016	20
<b>Total:</b>		<b>318.5</b>				<b>1,162,300</b>		

(1) This information is intended to inform the reader of the project's potential impact on the Corporation's results. The actual results may vary. See "Forward-Looking Information".

## HYDROELECTRIC DEVELOPMENT PROJECTS

### [Boulder Creek Project \(BC - 66.67% ownership\)](#)

#### Description

Boulder Creek Project is a run-of-river hydroelectric project owned by Boulder Creek Power Limited Partnership ("**Boulder Creek LP**") with a potential installed capacity of 25.3 MW and an expected yearly output of nearly 92,500 MWh (the "**Boulder Creek Project**"). It is located on Boulder Creek in the Lillooet River drainage basin, approximately 60 km northwest of Pemberton, British Columbia.

The Boulder Creek plant will divert partial flows from the creek through an intake structure to a 2.9 kilometer ("**km**") sloped tunnel including approximately 480 m of steel liner followed by approximately 25 m long pressure penstock to two 12.7 MW vertical Pelton turbines and generating equipment located in the powerhouse. The powerhouse will also contain all necessary ancillary equipment including protection, controls, switchgear and communications.

Preliminary interconnection studies indicate the preferred interconnection is to BC Hydro 230 kilovolt ("**kV**") line south of Pemberton. The proposed transmission line will consist of a line approximately 0.5 km long that taps into a 230 kV line constructed for the use of both the Boulder Creek Project and the Upper Lillooet Project.

Construction of the Boulder Creek Project commenced in 2013 and commercial operation is expected to commence in 2016 but no earlier than July 1, 2016.

Forty years after the COD of the Boulder Creek Project, Boulder Creek LP will transfer to Mount Currie Indian Band, at no cost, forty percent of the participation in the Boulder Creek Project.

#### Site and Water Rights

Licences of occupation for the lands in the project area, water licence and the majority of all permits necessary for the construction of the project have been obtained. Upon completion of the project, Boulder Creek LP expects to lease the area of land upon which the powerhouse is located and to obtain statutory right of ways for the substation, penstock, tunnel, intake, and transmission line areas. Once each of the lease and right of way tenures are in place, the corresponding licence of occupation will be released.

#### Power Purchase Agreement

The Boulder Creek Project has a PPA with BC Hydro for all the power that it will produce, expiring 40 years following the COD and subject to customary termination provisions in the event of material breach of the agreement. BC Hydro has the right to terminate the PPA in the event the Boulder Creek Project has not reached commercial operation by July 1, 2017, subject to any extensions for force majeure as provided in the PPA, not to exceed 180 days.

The price payable by BC Hydro under the PPA is calculated in accordance with the PPA and provides for an increase equal to the CPI on January 1<sup>st</sup> of each year up to the commercial operation occurs and, thereafter, for an increase equal to 10% of the CPI. Under the PPA, BC Hydro is entitled to all rights, titles and interests in and to any environmental attributes which the Boulder Creek Project may receive.

### [Upper Lillooet River Project \(BC - 66.67% ownership\)](#)

#### Description

Upper Lillooet River Project is a run-of-river hydroelectric project owned by Upper Lillooet River Power Limited Partnership ("**Upper Lillooet LP**") with a potential installed capacity of 81.4 MW and an expected yearly output of approximately 336,200 MWh (the "**Upper Lillooet River Project**"). It is located on the Lillooet River, a tributary of the Fraser River, approximately 60 km northwest of Pemberton, British Columbia.

The Upper Lillooet plant will divert partial flows from the river, through an intake structure directly into a 2.5 km long tunnel followed by a 1.6 km high pressure penstock to the three 24.5 MW horizontal Francis turbines and a smaller turbine of 8 MW and generating equipment located in the powerhouse. The powerhouse would also contain all necessary ancillary equipment including protection, controls, switchgear and communications.

Preliminary interconnection studies indicate the preferred interconnection is to BC Hydro 230 kV line south of Pemberton. The proposed transmission line would be approximately 72 km long (approximately 68 km of such transmission line will be shared use with Boulder Creek Project).

Construction of the Upper Lillooet River Project commenced in 2013 and commercial operation is expected to commence in 2016 but no earlier than November 1, 2016.

Forty years after COD of the Upper Lillooet River Project, Upper Lillooet LP will transfer to Mount Currie Indian Band, at no cost, forty percent of the participation (shares and/or units) in the Upper Lillooet River Project.

### Site and Water Rights

Licences of occupation for the lands in the project area, water licence and the majority of all permits necessary for the construction have been obtained. Upon completion of the Upper Lillooet River Project, Upper Lillooet LP expects to lease the area of land upon which the powerhouse is located and to obtain statutory right-of-ways for the substation, penstock, tunnel, intake, and transmission line areas. Once each of the lease and right of way tenures are in place, the corresponding licence of occupation will be released.

### Power Purchase Agreement

The Upper Lillooet River Project has a PPA with BC Hydro for all the power that it will produce, expiring 40 years following COD and subject to customary termination provisions in the event of material breach of the agreement. BC Hydro has the right to terminate the PPA in the event the Upper Lillooet River Project has not reached commercial operation by November 1, 2017, subject to any extensions for force majeure as provided in the PPA, not to exceed 180 days.

The price payable by BC Hydro under the PPA is calculated in accordance with the PPA and provides for an increase equal to the CPI on January 1 of each year, before commercial operation occurs and, thereafter, for an increase equal to 10% of the CPI. Under the PPA, BC Hydro is entitled to all rights, titles and interests in and to any environmental attributes which the Upper Lillooet River Project may receive.

### [Tretheway Creek Project \(BC - 100% ownership\)](#)

#### Description

The Tretheway Creek Project is a proposed run-of-river hydroelectric power generating facility with an expected installed capacity of 21.2 MW and an estimated yearly energy output of 81,074 MWh. It is located approximately 50 km north of Harrison Hot Springs, British Columbia. Construction of the Tretheway Creek Project commenced in 2013. The COD for the project is expected towards the end of 2015.

The generating equipment is fed by a 4.5 km long penstock and has a design flow of 11.4 cubic metres per second. The project is expected to include an 8 km long 138 kV transmission line from the project switchyard to the existing Tipella Creek Facility transmission line.

Upon the expiry of the initial term of the PPA, the Corporation will transfer to the Chehalis Indian Band 50% of its interest in the Tretheway Creek Project.

### Site and Water Rights

The conditional water licence to divert and use up to a maximum of 11.4 cubic meters per second of water for power generation from the Tretheway Creek was obtained in August 2013. The conditional licences of occupation for the land on which the hydroelectric power generating facility and the transmission line will be located were each obtained in June 2013. The Tretheway Creek Project obtained its leave to commence construction in October 2013. Following completion of the construction of the project, it is expected that the licence of occupation securing the rights to the land on which the powerhouse will be located will be converted into a lease and statutory rights of way or long-term licences will be obtained for the penstock, intake and transmission line areas.

### Power Purchase Agreement

The Tretheway Creek Project has a PPA with BC Hydro for all the power that it will produce, expiring 40 years following COD and subject to customary termination provisions in the event of material breach of the agreement. BC Hydro has the right to terminate the PPA if the Tretheway Creek Project has failed to reach commercial operation by December 1, 2016, subject to any extensions for force majeure as provided in the PPA, not to exceed 180 days. The price payable by BC Hydro under the PPA is calculated in accordance with the PPA and provides for an increase equal to the CPI on January 1st of each year, before commercial operation occurs and, thereafter, for an increase equal to 50% of the CPI. Under the PPA, BC Hydro is entitled to all rights, titles and interests in and to any environmental attributes which the Tretheway Creek Project may receive.

### [Big Silver Creek Project \(BC – 100 % ownership\)](#)

#### Description

The Big Silver Creek Project is a proposed run-of-river hydroelectric power generating facility with an expected installed capacity of 40.6 MW and an estimated yearly energy output of 142,777 MWh (the "**Big Silver Creek Project**"). It is located 40 km north of Harrison Hot Springs, British Columbia. Construction of the Big Silver Creek Project commenced in June 2014 and commercial operation is expected to commence in 2016.

The generating equipment is fed by a 1.8 km long tunnel followed by approximately 1.3 km long penstock with a design flow of 42 cubic metres per second. The Big Silver Creek Project generating equipment will include a 36 km long 138 kV transmission line from the project switchyard to the existing Tipella Creek Facility transmission line.

Upon the initial term of the PPA, the Corporation will transfer to the Chehalis Indian Band 50% of its interests in the Big Silver Creek Project.

#### Site and Water Rights

The conditional water licence to divert and use water up to a maximum of 42 cubic metres per second from Big Silver Creek was obtained in 2013. The project received its leave to commence construction in June 2014.

The Big Silver Creek Project is located on public land. The conditional licences of occupation for the land on which the hydroelectric power generating facility and the transmission line will be located were each obtained in 2013. Following completion of the construction of the project, it is expected that the licence of occupation securing the rights to the land on which the powerhouse will be located will be converted into a lease and statutory rights of way or long-term licences will be obtained for the penstock, intake and transmission line areas.

#### Power Purchase Agreement

The Big Silver Creek Project has a PPA with BC Hydro for all the power that it will produce, expiring 40 years following COD and subject to customary termination provisions in the event of material breach of the agreement. BC Hydro has the right to terminate the PPA in the event the Big Silver Creek Project has not reached commercial operation by November 1, 2017, subject to any extensions for force majeure as provided in the PPA, not to exceed 180 days.

The price payable by BC Hydro under the PPA is calculated in accordance with the PPA and provides for an increase equal to the CPI on January 1 of each year, before commercial operation occurs and, thereafter, for an increase equal to 50% of the CPI. Under the PPA, BC Hydro is entitled to all rights, titles and interests in and to any environmental attributes which the Big Silver Creek Project may receive.

### **WIND DEVELOPMENT PROJECT**

#### Mesgi'g Ugju's'n (MU) Project (QC - 50% ownership)

##### Description

The Mesgi'g Ugju's'n (MU) Project is a wind farm project located in the Regional municipality county d'Avignon, in the Province of Québec. The Mesgi'g Ugju's'n (MU) Project has a planned aggregate installed capacity of close to 150 MW and a gross estimated long term average of 515,000 MWh contractual per year. Construction of the Mesgi'g Ugju's'n (MU) Project is expected to start in 2015 and commercial operation is expected to commence in 2016.

The Mesgi'g Ugju's'n (MU) Project is owned by Mesgi'g Ugju's'n (MU) LP, the general partner of which is Mesgi'g Ugju's'n (MU) Wind Farm Inc. Each of the Corporation and Mesgi'g Ugju's'n Energies Inc. (a corporation held by the Mi'gmaq communities of Québec) owns 50% of the voting units of the Mesgi'g Ugju's'n (MU) LP and of its general partner.

##### Site Rights

The Mesgi'g Ugju's'n (MU) Project is located on public lands.

##### Power Purchase Agreement

Mesgi'g Ugju's'n (MU) LP is party to a PPA with Hydro-Québec (the "**Mesgi'g Ugju's'n (MU) PPA**") for the purchase of all electricity that will be produced by the Mesgi'g Ugju's'n (MU) Project, expiring 20 years after COD and subject to customary termination provisions in the case of a material breach of the PPA. The selling price for the electricity is provided in the Mesgi'g Ugju's'n (MU) PPA, with an annual adjustment based on 100% of CPI for the first contractual year and on 20% of CPI starting from the second contractual year and thereafter.

Mesgi'g Ugju's'n (MU) LP is subject to penalty payments under the PPA if commercial operation of the Mesgi'g Ugju's'n (MU) Project has not commenced by December 1, 2016, subject to delays that may be caused by Hydro-Québec.

### **PROSPECTIVE PROJECTS**

With a combined potential net installed capacity of 3,190 MW (gross 3,330 MW), all the Prospective Projects are in the preliminary development stage. Some Prospective Projects are targeted toward specific future Requests for Proposals, such as the current Request for Proposals for new wind and solar energy in Ontario, or Standing Offer Programs, such as the one in British Columbia. Other Prospective Projects will be available for future requests for proposals yet to be announced or are targeted toward negotiated power purchase agreements with public utilities or other creditworthy counterparties. There is no certainty that any Prospective Project will be realized.

#### Various Other Creek Power Prospective Projects (BC – 66.67% ownership)

Creek Power holds the rights to other Prospective Projects located in southwestern British Columbia for which the Corporation evaluates the aggregate potential installed capacity at more than 78 MW. Some of these projects may be pursued under the BC Hydro SOP.

#### Various Other Prospective Québec Wind Projects (QC – 50-100% ownership)

The Corporation continues to develop potential wind projects in Québec (the “**Prospective Québec Wind Projects**”) for which the Corporation evaluates the aggregate potential installed capacity at 1,485 MW. The Prospective Québec Wind Projects include projects located on private land for which the Corporation has entered into land lease option agreements with the private landowners and projects on public lands, for which, in the past, the Corporation has obtained lease reservation agreements with the government of Québec.

#### Prospective Ontario Projects (ON - 49-100% ownership)

As of the date of this Annual Information Form, the Corporation has developed and continued to advance for an aggregate potential installed capacity of 565 MW of prospective wind projects and of 40 MW of ground mount solar PV farm project. The Corporation has been qualified as bidder for the current Request for Proposals for new wind and solar energy in Ontario and plans to propose certain Prospective Projects into the Request for Proposals.

#### Other Prospective British Columbia Wind Projects (BC - 100% ownership)

The Corporation has identified potential wind projects in British Columbia (the “**Prospective BC Wind Projects**”) for which the Corporation evaluates the aggregate potential installed capacity at 475 MW.

The Corporation has been granted licences of occupation and investigative use permits by the Integrated Land Management Bureau on six sites, which secures a first-ranking claim to the land and prevents other applicants from applying for lands within one kilometre of the permit boundary. The investigative use permit and licence of occupation allow for the installation of meteorological towers to collect wind data, engineering data and environmental data and secure a development option for the Corporation for a period of two years.

Although most of the Prospective BC Wind Projects are 100% owned by the Corporation, it is probable that the Corporation’s interests in one or more of these projects could ultimately be shared with a strategic partner.

#### Various Other Prospective British Columbia Hydro Projects (BC - 100% ownership)

The Corporation owns Prospective Projects, with a combined potential net installed capacity of over 880 MW, which consist of various run-of-river hydroelectric projects for which certain land rights have been secured, for which an investigative permit application has been filed and for which a proposal could be submitted under the BC Hydro SOP.

#### Other Prospective Québec Hydro Projects (QC – 48% ownership)

The Corporation owns interests in a prospective run-of-river hydroelectric community project with a potential installed capacity of 42 MW, for which certain land rights have been secured and which could be submitted to a future request for proposal.

### INTANGIBLE ASSETS

The intangible assets of the Corporation consist mainly of various PPAs, permits and licences. The Corporation reported \$487.3 million in intangible assets as at December 31, 2014. The Corporation’s intangible assets are related to the following segments:

Segments	Hydroelectric generation \$M	Wind farm power generation \$M	Solar power generation \$M	Site development \$M	Total \$M
Net Value as at December 31, 2014	391.5	52.2	8.3	35.3	487.3

### FINANCIAL AND OPERATIONAL EFFECTS OF ENVIRONMENTAL PROTECTION REQUIREMENTS

The majority of costs associated with environmental protection requirements are incurred by the Corporation at the development and construction phases of a renewable energy project. Therefore, these costs are capitalized to the project, when a PPA is secured for the project or if the project is eligible under a SOP and sufficiently advanced to have a high degree of confidence that it will be realized and amortized once the project is operational, or they are charged to earnings if the project does not go ahead. These costs will vary from project to project; however, in order for management to proceed with any project, it must support a pre-determined return on the capital costs invested,

including capitalized environmental protection costs. The Corporation does incur ongoing costs associated with environmental protection requirements on operational plants, which are charged to operating costs as incurred.

## EMPLOYEES

As of December 31, 2014, the Corporation has 145 employees. This workforce includes 57 employees in operations and maintenance, 31 employees in development and construction and 57 employees in administration, accounting, finance and legal. The operations of the Corporation's reportable segments are conducted by different teams, as each segment has different skill requirements. The Corporation's employees have the specialized knowledge and skills to carry out its business and the Corporation has a proven ability to complement this internal capacity with an efficient use of external consultants, when required.

## SOCIAL AND ENVIRONMENTAL PROTECTION POLICIES

Innergex is a leading Canadian independent renewable power producer committed to social and environmental protection. We develop, own, and operate run-of-river hydroelectric facilities, wind farms, and solar photovoltaic farms, with operations in Quebec, Ontario, British Columbia and Idaho, USA. Our management team has been involved in the renewable power industry since 1990.

*Our Mission* - Our mission is to increase our production of renewable energy by developing, operating and owning high quality facilities while respecting the environment and balancing the best interests of the host communities, our partners, and our investors.

Our growth is solidly rooted in a long-term vision and strict adherence to our mission and our values. Going forward, our time-tested approach will continue to guide us in achieving our vision of providing sustainable energy for a greener future.

*Code of Conduct and Health, Safety & Environmental Mission Statement* - The Corporation has adopted and implemented a Code of Conduct and a Health & Safety and Environmental Mission Statement. This Code and Mission Statement have been communicated to employees through various training sessions and communications. All directors, officers and employees of the Corporation have to sign and acknowledge the Code of Conduct.

The Code of Conduct provides that all employees shall ensure that the activities of the Corporation are integrated harmoniously into the community with regard to natural heritage and, in particular observe applicable environmental laws and regulations at all times, support the economic, social and cultural development of the communities in which the Corporation carries on its activities, cooperate, to the extent possible, with programs established for the betterment of the community, mitigate the environmental impact of the Corporation's activities, to the extent possible, work with the community and the authorities to reduce the environmental impact of its activities and implement remedial measures, when necessary.

*Environment and Health & Safety Teams* - The Corporation has an environmental team consisting of employees with specialized skills and knowledge and have implemented procedures that involve long-term environmental monitoring programs, reporting and the development and implementation of emergency action plans as related to environmental matters. The Corporation has a Health and Safety working teams with specialized knowledge and skills responsible for developing safety policies and program, developing and delivering environmental and safety training, conducting internal audits of safety performance, monitoring and reporting safety risks, events or issues and implementation of an emergency action plan. The Board of Directors monitors compliance with the Corporation Code of Conduct and the Health & Safety and Environment corporate policies through regular reporting from Management.

*Sustainable Development Policy* - On March 18, 2015, Innergex adopted a Sustainable Development Policy which articulates Innergex's commitment to integrating sustainable development considerations in all aspects of its business, including its strategic planning, decision-making, management and operations.

The Sustainable Development Policy statement is as follows:

At Innergex, we believe that the three pillars of sustainability – economic development, social development and environmental protection – are mutually reinforcing. In conducting our business we strive to achieve a balance between economic, social and environmental consideration and we commit to plan, decide, manage, and operate through the lens of sustainability. We recognize this to be a continuous improvement process, rooted in transparency of our purpose, our action, and our results.

Innergex adheres to key principles in order to provide a solution to the energy challenges of both today and tomorrow, to protect the environment while optimizing the use of natural resources to produce electricity, and to earn and sustain its social acceptability.

Innergex follows eight key principles in its efforts to provide a solution to the energy challenges of both today and tomorrow, to protect the environment while optimizing the use of natural resources to produce electricity, and to earn and sustain its social acceptability.

1. We believe that people should have access to reliable, affordable, clean and renewable energy.
2. Climate change is real. We believe that renewable energy is part of the solution to climate change.
3. We believe in a level playing field in electricity procurement. We support carbon pricing or any other means of internalizing environmental and social costs in the price of electricity.
4. We believe in the protection of our environment and in the responsible development of natural resources. We support a comprehensive and efficient regulatory and planning framework.
5. We believe that social acceptance is the cornerstone of successful project development and that strong projects are built on long-term cooperation with stakeholders and by working in collaboration with First Nations and local communities.
6. We believe in long-term sustainable development that balances social, environmental, and economic imperatives.
7. We believe in lasting relations with our employees, our partners, and our external stakeholders built on respect, transparency, and integrity.
8. We believe that Innergex can effect change.

The Corporation's commitment is to integrate sustainable development considerations into all aspects of its business, encourage employees to do the same in performing their work, and promote sustainable development practices among its partners and service providers.

The Corporation wishes to build genuine and respectful relations with its stakeholders and partners, by engaging and interacting regularly.

The Corporation also strives to continuously improve its sustainable development practices, by measuring, managing, and reporting with transparency on key issues that are material to the Corporation.

## **RISK FACTORS**

The following are certain risk factors relating to the Corporation. It only represents a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form.

### **The Ability of the Corporation to Execute its Strategy for Building Shareholder Value**

The Corporation's strategy for building shareholder value is to acquire or develop high-quality power production facilities that generate sustainable cash flows and provide an attractive risk-adjusted return on invested capital, and to distribute a stable dividend. However, there is no certainty that the Corporation will be able to acquire or develop high-quality power production facilities at attractive prices to supplement its growth.

The successful execution of this strategy requires careful timing and business judgment, as well as the resources to complete the development of power generating facilities. The Corporation may underestimate the costs necessary to bring power generating facilities into commercial operation or may be unable to quickly and efficiently integrate new acquisitions into its existing operations.

### **The Ability to Raise Additional Capital and the State of the Capital Market**

Future development and construction of new facilities and the development of the Development Projects and the Prospective Projects and other capital expenditures will be financed out of cash generated from the Corporation's operating facilities, borrowing or the issuance and sale of additional equity. To the extent that external sources of capital, including issuance of additional securities of the Corporation, become limited or unavailable, the Corporation's ability to make necessary capital investments to construct or maintain existing or future project facilities would be impaired. There is no certainty that sufficient capital will be available on acceptable terms to fund further development or expansion. There are numerous renewable energy projects to be constructed in the coming years that will result in competition for capital. In addition, payment of dividends may impair the Corporation's ability to finance its ongoing and future projects.

Furthermore, the Corporation's capital-raising efforts could involve the issuance and sale of additional Common Shares, or debt securities convertible into its Common Shares, which, depending on the price at which such shares or debt securities are issued or converted, could have a material dilutive effect on holders of the Corporation's Common Shares and adversely impact the trading price of the Corporation's Common Shares.

#### **Liquidity Risks Related to Derivative Financial Instruments**

Derivative financial instruments are entered into with major financial institutions and their effectiveness is dependent on the performance of these institutions. Failure by one of them to perform its obligations could involve a liquidity risk. Liquidity risks related to derivative financial instruments also include the settlement of bond forward contracts on their maturity dates and the early termination option included in some interest rate swap contracts. The Corporation uses derivative financial instruments to manage its exposure to the risk of an increase in interest rates on its debt financing or of foreign currency variation. The Corporation does not own or issue financial instruments for speculation purposes.

#### **Variability in Hydrology, Wind Regimes and Solar Irradiation**

The amount of energy generated by the Corporation's hydroelectric facilities depends on the availability of water flows. There is no certainty that the long-term availability of such resources will remain unchanged. The Corporation's revenues may be significantly affected by events that impact the hydrological conditions of the Corporation's hydroelectric project facilities such as low and high water flows within the watercourses on which the Corporation's hydroelectric facilities are located. In the event of severe flooding, the Corporation's hydroelectric facilities may be damaged. Similarly, the amount of energy generated by the Corporation's wind farms will depend upon the availability of wind, which is naturally variable. A reduced or increased amount of wind at the location of one of the wind farms over an extended period may reduce the production from such facility and may reduce the Corporation's revenues and profitability. Finally, the amount of energy to be generated by the Corporation's solar farm will depend on the availability of solar radiation, which is naturally variable. Lower solar irradiation levels at any of the Corporation's solar farm over an extended period may reduce the production from such facilities and the Corporation's revenues and profitability.

#### **Delays and Construction Cost Overruns in the Design and Construction of Projects**

Delays and cost over-runs may occur in completing the construction of the Development Projects, the Prospective Projects and future projects that the Corporation will undertake. A number of factors which could cause such delays or cost over-runs include, without limitation, permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing. Even when complete, a facility may not operate as planned due to design or manufacturing flaws, which may not all be covered by warranty. Mechanical breakdown could occur in equipment after the period of warranty has expired, resulting in loss of production as well as the cost of repair. In addition, if the Development Projects are not brought into commercial operation within the delay stipulated in their PPA, the Corporation may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA.

#### **Health, Safety and Environmental Risks**

The ownership, construction and operation of the Corporation's power generation assets carry an inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licences, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licences, permits and other approvals remain material to the Corporation's business. The Corporation has incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licences, permits and other approvals and to assess and manage its potential liability exposure. Nevertheless, the Corporation may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licences, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. As a consequence, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

#### **The Uncertainties Surrounding Development of New Facilities**

The Corporation participates in the construction and development of new power generating facilities. These facilities have greater uncertainty surrounding future profitability than existing operating facilities with established track records. In certain cases many factors affecting costs are not yet determined, such as land royalty payments, water royalties, or municipal taxes. The Corporation is in some cases required to advance funds and post-performance bonds in the course of development of its new facilities. In the event that some of these facilities are not completed or do not operate to the expected specifications, or unforeseen costs or taxes are incurred, the Corporation could be adversely affected.

### **Obtainment of Permits**

The Corporation does not currently hold all the approvals, licences and permits required for the construction and operation of the Development Projects or the Prospective Projects, including environmental approvals and permits necessary to construct and operate the Development Projects or the Prospective Projects. The failure to obtain or delays in obtaining all necessary licences, approvals or permits, including renewals thereof or modifications thereto, could result in construction of the Development Projects or the Prospective Projects being delayed or not being completed or commenced. There can be no assurance that any one Prospective Project will result in any actual operating facility.

In addition, delays may occur in obtaining necessary government approvals required for future power projects.

From time to time, and in order to secure long lead times required for ordering equipment, the Corporation may place orders for equipment and make deposits thereon or advance projects prior to obtaining all requisite permits and licences. The Corporation only takes such actions where it reasonably believes that such licences or permits will be forthcoming in due course prior to the requirement to expend the full amount of the purchase price. However, any delay in permitting could adversely affect the Corporation.

Environmental permits to be issued in connection with any of the Development Projects or the Prospective may contain conditions that need to be satisfied prior to obtaining a PPA, to start construction, during construction and during and after the operation of the Development Projects. It is not possible to predict the conditions imposed by such permits or the cost of any mitigating measures required by such permits.

### **Variability of Installation Performance and Related Penalties**

The ability of the Corporation's facilities to generate the maximum amount of power which can be sold to Hydro-Québec, BC Hydro and the OPA or other purchasers of electricity under PPAs is an important determinant of the revenues of the Corporation. If one of the Corporation's facilities delivers less than the required quantity of electricity in a given contract year or is otherwise in default under its respective PPA, penalty payments may be payable to the relevant purchaser by the Corporation. The payment of any such penalties by the Corporation could adversely affect the revenues and profitability of the Corporation.

### **Equipment Failure or Unexpected Operations and Maintenance Activity**

The Corporation's facilities are subject to the risk of equipment failure due to deterioration of the asset from use or age, latent defect and design or operator error, among other things. To the extent that a facility's equipment requires longer than forecasted down times for maintenance and repair, or suffers disruptions of power generation for other reasons, the Corporation's business, operating results, financial condition or prospects could be adversely affected.

### **Interest Rate Fluctuations and Refinancing Risk**

Interest rate fluctuations are of particular concern to a capital-intensive industry such as the electric power business. The Corporation faces interest rate and debt refinancing risk in respect of floating-rate bank credit facilities used for construction and long-term financings. The Corporation's ability to refinance debt on favourable terms is dependent on debt capital market conditions, which are inherently variable and difficult to predict.

### **Financial Leverage and Restrictive Covenants Governing Current and Future Indebtedness**

The Corporation's and its subsidiaries' operations are subject to contractual restrictions contained in the instruments governing any of their current and future indebtedness. The degree to which the Corporation and its subsidiaries are leveraged could have important consequences to shareholders, including: (i) the Corporation's and its subsidiaries' ability to obtain additional financing for working capital, capital expenditures, acquisitions or other project developments in the future may be limited; (ii) a significant portion of the Corporation's and its subsidiaries' cash flows from operations may be dedicated to the payment of the principal of and interest on their indebtedness, thereby reducing funds available for future operations; (iii) certain of the Corporation's and its subsidiaries' borrowings will be at variable rates of interest, which exposes the Corporation and its subsidiaries to the risk of increased interest rates; and (iv) the Corporation and its subsidiaries may be more vulnerable to economic downturns and be limited in their ability to withstand competitive pressures.

The Corporation and its subsidiaries are subject to operating and financial restrictions through covenants in certain loan and security agreements. These restrictions prohibit or limit the Corporation's and its subsidiaries' ability to, among other things, incur additional debt, provide guarantees for indebtedness, create liens, dispose of assets, liquidate, dissolve, amalgamate, consolidate or effect any corporate or capital reorganization, make distributions or pay dividends, issue any equity interests and create subsidiaries. These restrictions may limit the Corporation's and its subsidiaries' ability to obtain additional financing, withstand downturns in the Corporation's and its subsidiaries' business and take advantage of business opportunities. Moreover, the Corporation and its subsidiaries may be required to seek additional debt financing on terms that include more restrictive covenants, require repayment on an accelerated

schedule or impose other obligations that limit the Corporation's or its subsidiaries' ability to grow the business, acquire assets or take other actions the Corporation or its subsidiaries might otherwise consider appropriate or desirable.

#### **Possibility that the Corporation May Not Declare or Pay a Dividend**

Holders of Common Shares, Series A Shares and Series C Shares do not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is at the discretion of the Board of Directors even if the Corporation has sufficient funds, net of its liabilities, to pay such dividends.

The Corporation may not declare or pay a dividend if the Corporation's cash available for distribution is not sufficient or if there are reasonable grounds for believing that (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares.

#### **The Ability to Secure New Power Purchase Agreements or Renew Any Power Purchase Agreement**

Securing new PPAs, which is a key component of the Corporation's growth strategy, is a risk factor in light of the competitive environment faced by the Corporation. The Corporation expects to continue to enter into PPAs for the sale of its power, which PPAs are mainly obtained through participation in competitive Requests for Proposals processes. During these processes, the Corporation faces competitors ranging from large utilities to small independent power producers, some of which have significantly greater financial and other resources than the Corporation. There is no assurance that the Corporation will be selected as power supplier following any particular Request for Proposals in the future or that existing PPAs will be renewed or will be renewed on equivalent terms and conditions upon the expiry of their respective terms.

#### **Changes in Governmental Support to Increase Electricity to be Generated from Renewable Sources by Independent Power Producers**

Development and growth of renewable energy is dependent on governmental support, policies and incentives. Many provincial governments have introduced portfolio standards to increase the portion of renewable energy in their electricity generation supply mix in order to reduce greenhouse gas emissions over time. There is a risk that governmental support providing incentives for renewable energy could change at any time and that additional increase in the procurement of renewable energy projects from independent power producers be reduced or suspended at any time. As a result, the Corporation may face reduced ability to develop its prospective projects and may suffer material write-offs of prospective projects as a result.

#### **The Ability to Attract New Talent or to Retain Officers or Key Employees**

The Corporation's officers and other key employees play a significant role in the Corporation's success. The conduct of the Corporation's business and the execution of the Corporation's growth strategy rely heavily on teamwork and the Corporation's future performance and development depend to a significant extent on the abilities, experience and efforts of its management team. The Corporation's ability to retain its management team or attract suitable replacements should key members of the management team leave is dependent on the competitive nature of the employment market. The loss of services from key members of the management team or a limitation in their availability could adversely impact the Corporation's prospects, financial condition and cash flow.

Further, such a loss could be negatively perceived in the capital markets. The Corporation's success also depends largely upon its continuing ability to attract, develop and retain skilled employees to meet its needs from time to time.

#### **Litigation**

In the normal course of its operations, the Corporation may become involved in various legal actions, typically involving claims relating to contract disputes, personal injuries, property damage, property taxes and land rights. The Corporation maintains adequate provisions for its outstanding or pending claims. The final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on the financial position or results of operation of the Corporation in a particular quarter or financial year. See "Legal Proceedings".

#### **Performance of Major Counterparties**

The Corporation enters into purchase orders with third-party suppliers for generation equipment for projects under construction, which involve deposits prior to equipment being delivered and it also enters into construction agreements with contractors. Should one or more of these suppliers or contractors be unable to meet their obligations under the contracts, this would result in possible loss of revenue, delay in construction and increase in construction costs for the Corporation. Failure of any equipment supplier or contractor to meet its obligations to the Corporation may result in the Corporation not being able to meet its commitments and thus lead to potential defaults under PPAs.

### **Social Acceptance of Renewable Energy Projects**

The social acceptance by local stakeholders, including, in some cases, First Nations and other aboriginal peoples, and local communities is critical to our ability to find and develop new sites suitable for viable renewable energy projects. Failure to obtain proper social acceptance for a project may prevent the development and construction of a project and lead to the loss of all investments made in the development and the write-off of such prospective project.

### **Relationships with Stakeholders**

The Corporation enters into various types of arrangements with communities or joint venture partners for the development of its projects. Certain of these partners may have or develop interests or objectives which are different from or even in conflict with the objectives of the Corporation. Any such differences could have a negative impact on the success of the Corporation's projects. The Corporation is sometimes required through the permitting and approval process to notify and consult with various stakeholder groups, including landowners, First Nations and municipalities. Any unforeseen delays in this process may negatively impact the ability of the Corporation to complete any given project on time or at all.

### **Equipment Supply**

The Corporation's development and operation of power facilities is dependent on the supply of equipment from third parties. Equipment pricing may rapidly increase depending, among others, on the equipment availability, the raw material prices and on the market for such product. Any significant increase in the price of supply of equipment could negatively affect the future profitability of the Corporation's facilities and the Corporation's ability to develop other projects. There is no guarantee that manufacturers will meet all of their contractual obligations. Failure of any supplier of the Corporation to meet its commitments would adversely affect the Corporation's ability to complete projects on schedule and to honour its obligations under PPAs.

### **Changes in General Economic Conditions**

Most of the PPAs of the Corporation have fixed price adjusted annually for inflation on a CPI formula basis.

If the inflation is lower than expected or if it decreases, the Corporation's expected revenues and projected adjusted EDITDA, free cash flow and payout ratio may be lower than expected or reduced.

### **Regulatory and Political Risks**

The development and operation of power generating facilities are subject to changes in governmental regulatory requirements and the applicable governing statutes, including regulations related to the environment, unforeseen environmental effects, general economic conditions and other matters beyond the control of the Corporation.

Moreover, the operation of power generating facilities is subject to extensive regulation by various government agencies at the municipal, provincial and federal levels. There is always the risk of changes being made in government policies and laws which may result in increased rates, such as for water rentals, and for income, capital and municipal taxes.

The Corporation holds permits and licences from various regulatory authorities for the construction and operation of its facilities. These licences and permits are critical to the operation of the Corporation's business. The majority of these permits and licences are long-term in nature, reflecting the anticipated useful life of the facilities. In some cases these permits may need to be renewed prior to the end of the anticipated useful life of such facilities and there is no guarantee that such renewals will be granted or on which conditions they will be renewed. These permits and licences require the Corporation's compliance with the terms thereof.

### **The Ability to Secure Appropriate Land**

There is significant competition for appropriate sites for new power generating facilities. Optimal sites are difficult to identify and obtain given that geographic features, legal restrictions and ownership rights naturally limit the areas available for site development. There can be no assurance that the Corporation will be successful in obtaining any particular site in the future.

### **Reliance on PPAs**

The power generated by the Corporation is sold under long-term PPAs. If for any reason any of the purchasers of power under such PPAs were unable or unwilling to fulfill their contractual obligations under the relevant PPA or if they refuse to accept delivery of power pursuant to the relevant PPA, the Corporation's business, operating results, financial condition or prospects could be adversely affected. If the Development Projects are not brought into commercial operation within the delay stipulated in their respective PPA, the Corporation may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA.

### **Availability and Reliability of Transmission Systems**

The Corporation's ability to sell electricity is impacted by the availability of the various transmission systems in each jurisdiction. The failure of existing transmission facilities or the lack of adequate transmission capacity would have a material adverse effect on the Corporation's ability to deliver electricity to its various counterparties, thereby affecting the Corporation's business, operating results, financial condition or prospects.

### **Increase in Water Rental Cost or Changes to Regulations Applicable to Water Use**

The Corporation is required to make rental payments for water rights once its projects are in commercial operation. Significant increases in water rental costs in the future or changes in the way that the governments of Québec, British Columbia and Ontario regulate water supply or apply such regulations could have a material adverse effect on the Corporation's business, operating results, financial condition or prospects.

### **Assessment of Water, Wind and Sun Resources and Associated Electricity Production**

The strength and consistency of the water, wind and sun resources at power facilities of the Corporation may vary from what the Corporation anticipates. Electricity production estimates of the Corporation are based on assumptions and factors that are inherently uncertain, which may result in actual electricity production being different from the estimates of the Corporation, including (i) the extent to which the limited time period of the site-specific wind data accurately reflects long-term wind speeds; (ii) the extent to which historical data accurately reflects the strength and consistency of the water, wind and sun in the future; (iii) the strength of the correlation between the site-specific water, wind and sun data and the longer-term regional data; (iv) the potential impact of climatic factors; (v) the accuracy of assumptions on a variety of factors, including but not limited to weather, icing and soiling of water and wind turbines and snow on solar panels, site access, wake and line losses and wind shear; (vi) the accuracy with which anemometers measure wind speed, and the difference between the hub height of the wind turbines and the height of the meteorological towers used for data collection; (vii) the potential impact of topographical variations, turbine placement and local conditions, including vegetation; (viii) the inherent uncertainty associated with the specific methodologies and related models, in particular future-orientated models, used to project the water, wind and sun resource; and (ix) the potential for electricity losses to occur before delivery.

### **Dam Failure**

The occurrence of dam failures at any of the Corporation's hydroelectric power facilities could result in a loss of generating capacity and repairing such failures could require the Corporation to incur significant expenditures of capital and other resources. Such failures could result in the Corporation being exposed to significant liability for damages. There can be no assurance that the dam safety program will be able to detect potential dam failures prior to occurrence or eliminate all adverse consequences in the event of failure. Safety regulations relating to dam safety could change from time to time, potentially impacting a facility's costs and operations. The consequences of dam failures could have a material adverse effect on the Corporation's business, operating results, financial condition or prospects.

### **Natural Disasters and Force Majeure**

The Corporation's facilities and operations are exposed to potential damage, partial or full loss, resulting from environmental disasters (e.g. floods, high winds, fires, and earthquakes), equipment failures and the like. The occurrence of a significant event which disrupts the ability of the Corporation's power generation assets to produce or sell power for an extended period, including events which preclude existing customers under PPAs from purchasing electricity, could have a material negative impact on the business of the Corporation. The Corporation's generation assets could be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident. The occurrence of such an event may not release the Corporation from performing its obligations pursuant to PPAs or other agreements with third parties. Furthermore, force majeure event affecting our assets could result in damages to the environment or harm third parties. In addition, many of the Corporation's projects are located in remote areas which make access for repair of damage difficult.

### **Foreign Exchange Fluctuations**

The Corporation occasionally purchases equipment from foreign suppliers. As such, the Corporation may be exposed to changes in the Canadian dollar in relation to the foreign currency denominated equipment purchases.

### **Foreign Market Growth and Development**

The Corporation may, in connection with any international expansion of its activities, face risks related to (i) its ability to effectively consummate future acquisitions, create new partnerships and develop, construct and operate projects in an unfamiliar regulatory and procurement market (ii) competing with more established competitors and (iii) foreign exchange fluctuations.

## **Cyber Security**

The Corporation is dependent on various information technologies to carry out multiple business activities. A successful cyber intrusion, such as, and not limited to, unauthorized access, malicious software or other violations on the system that control generation and transmission at any of our offices or facilities could severely disrupt or otherwise affect business operations or diminish competitive advantages. These attacks on our information base systems through theft, alteration or destruction could generate unexpected expenses to investigate and repair security breaches or system damage and could lead to litigation, fines, other remedial action, heightened regulatory scrutiny and damage to our reputation. A breach of our cyber/data security measures could have a material adverse effect on the Corporation's business, operations, financial condition and results of operations.

## **Sufficiency of Insurance Coverage Limits and Exclusions**

While the Corporation maintains insurance coverage, it is subject to limits and exclusions and there is no certainty that such insurance will continue to be offered on an economically feasible basis, nor that all events that could give rise to a loss or liability are insurable, nor that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving our activities or assets.

## **Credit Rating May Not Reflect Actual Performance of the Corporation or a Lowering (Downgrade) of the Credit Rating**

The credit ratings applied to the Corporation, the Series A and Series C Shares (the "Credit Ratings") are an assessment, by the rating agencies, of the Corporation's ability to pay its obligations. The Credit Ratings are based on certain assumptions about the future performance and capital structure of the Corporation that may or may not reflect the actual performance or capital structure of the Corporation. Changes in the Credit Ratings in the future may affect the market price or value and the liquidity of the securities of the Corporation. There is no assurance that any Credit Ratings will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the rating agencies.

## **Potential Undisclosed Liabilities Associated with Acquisitions**

There may be liabilities and contingencies that management of the Corporation did not discover in its due diligence prior to consummation of acquisitions and the Corporation may not be indemnified for these liabilities and contingencies. The discovery of any material liabilities or contingencies relating to the shares, assets or business acquired following such acquisitions could have a material adverse effect on the Corporation's business, financial condition and results of operations.

## **Integration of the Facilities and Projects Acquired and to be Acquired**

The integration of facilities and assets acquired or to be acquired through the acquisitions of the Corporation may result in significant challenges, and management of the Corporation may be unable to accomplish the integration successfully or without spending significant amounts of money. There can be no assurance that management will be able to integrate successfully the assets acquired or to be acquired through acquisitions or fully realize the expected benefits of any such acquisitions.

## **Failure to Realize the Anticipated Benefits of Acquisitions**

The Corporation believes that the acquisitions recently completed and to be completed will provide benefits for the Corporation. However, there is a risk that some or all of the expected benefits may fail to materialize, or may not occur within the time periods anticipated by the management of the Corporation. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Corporation.

## **Reliance on Shared Transmission and Interconnection Infrastructure**

The six Harrison Operating Facilities, the Northwest Stave River Facility and the Tretheway Creek and Big Silver Creek Projects (the "Sharing Facilities and Projects") all share or will share joint transmission and interconnection infrastructure to transmit their electrical energy generation to a joint substation, which then interconnects to the common point of interconnection for the Sharing Facilities and Projects at the adjacent BC Hydro Upper Harrison terminal substation. Therefore damage to or a failure of the shared transmission and interconnection infrastructure may result in the Sharing Facilities and Project being unable to deliver their electrical energy generation to the point of interconnection with BC Hydro's transmission system in accordance with the requirements for sale of energy under the PPAs with BC Hydro in respect of the six Harrison Operating Facilities and the Northwest Stave River Facility. All six Harrison Operating Facilities also share one common interconnection agreement with BC Hydro and act as agent for the Northwest Stave Facility and the Tretheway Creek and Big Silver Creek Projects. Therefore, a default by any one of the Sharing Facilities and Projects of its obligations under the interconnection agreement may result in BC Hydro disconnecting all the Sharing Facilities and Projects from the BC Hydro transmission system.

### **Revenues from the Miller Creek Facility Vary Based on the Spot Price of Electricity**

Because the price for electricity purchased from the Miller Creek Facility is based on a formula using the Platts mid-C spot price for electricity, revenues under the applicable power purchase agreement will vary. If the Platts mid-C index declines from its current levels, the Miller Creek Facility's revenues and adjusted EBITDA will be negatively impacted. An increase in the volatility of the Platts mid-C spot price would add uncertainty to the determination of potential revenues and adjusted EBITDA of the Miller Creek Facility and could have an adverse impact on the Corporation's results.

### **DIVIDENDS**

The declaration and payment of dividends on the Corporation's shares is within the discretion of the Board of Directors. The Board of Directors will determine if and when dividends should be paid in the future based on all relevant circumstances, including the desirability of maintaining capital to finance further growth of the Corporation and the Corporation's financial position at the relevant time. As publicly disclosed, the Corporation intends to pay a dividend of \$0.62 per Common Share per annum, payable on a quarterly basis and the dividend rate applicable to the Series A Shares and Series C Shares. See "Description of Capital Structure – General Description of Capital Structure - Preferred Shares - Series A Shares and Series B Shares and Series C Shares".

The following table sets forth the dividends declared by the Corporation to its shareholders of Common Shares during its financial years 2012, 2013 and 2014.

<b>Date Declared</b>	<b>Amount paid per Corporation Common Share</b>	<b>Dividend Payment</b>	<b>Aggregate Dividend Amount</b>
<b>2012</b>			
March 21	\$0.145	April 16, 2012	\$11,785,956
May 14	\$0.145	July 16, 2012	\$11,785,956
August 7	\$0.145	October 15, 2012	\$13,540,225
November 6	\$0.145	January 15, 2013	\$13,580,680
<b>2013</b>			
March 14	\$0.145	April 15, 2013	\$13,624,793
May 14	\$0.145	July 15, 2013	\$13,695,209
August 8	\$0.145	October 15, 2013	\$13,777,066
November 6	\$0.145	January 15, 2014	\$13,869,962
<b>2014</b>			
February 25	\$0.150	April 15, 2014	\$14,379,146
May 13	\$0.150	July 15, 2014	\$15,012,881
August 7	\$0.150	October 15, 2014	\$15,055,930
November 6	\$0.150	January 15, 2015	\$15,100,800

The following table sets forth the dividends declared by the Corporation to its shareholders of Series A Shares during its financial years 2012, 2013 and 2014.

<b>Date Declared</b>	<b>Amount paid per Series A Shares</b>	<b>Dividend Payment</b>	<b>Aggregate Dividend Amount</b>
<b>2012</b>			
March 21	\$0.3125	April 16, 2012	\$1,062,500
May 14	\$0.3125	July 16, 2012	\$1,062,500
August 7	\$0.3125	October 15, 2012	\$1,062,500
November 6	\$0.3125	January 15, 2013	\$1,062,500
<b>2013</b>			
March 14	\$0.3125	April 15, 2013	\$1,062,500
May 14	\$0.3125	July 15, 2013	\$1,062,500
August 8	\$0.3125	October 15, 2013	\$1,062,500
November 6	\$0.3125	January 15, 2014	\$1,062,500
<b>2014</b>			
February 25	\$0.3125	April 15, 2014	\$1,062,500
May 13	\$0.3125	July 15, 2014	\$1,062,500
August 7	\$0.3125	October 15, 2014	\$1,062,500
November 6	\$0.3125	January 15, 2015	\$1,062,500

The following table sets forth the dividends declared by the Corporation to its shareholders of Series C Shares, from the closing of the Series C Offering on December 11, 2012.

Date Declared	Amount paid per Series C Shares	Dividend Payment	Aggregate Dividend Amount
<b>2013</b>			
March 14	\$0.492300	April 15, 2013	\$984,600
May 14	\$0.359375	July 15, 2013	\$718,750
August 8	\$0.359375	October 15, 2013	\$718,750
November 6	\$0.359375	January 15, 2014	\$718,750
<b>2014</b>			
February 25	\$0.359375	April 15, 2014	\$718,750
May 13	\$0.359375	July 15, 2014	\$718,750
August 7	\$0.359375	October 15, 2014	\$718,750
November 6	\$0.359375	January 15, 2015	\$718,750

## DESCRIPTION OF CAPITAL STRUCTURE

### GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares issuable in series. As of March 27, 2015, 101,061,184 Common Shares, 3,400,000 Series A Shares, 2,000,000 Series C Shares were issued and outstanding and out of \$80.5 million of Debentures initially issued, \$79,578 million is outstanding. The Corporation's Common Shares, Series A Shares, Series C Shares, and the Debentures are listed on the TSX under the symbols "INE", "INE.PR.A", "INE.PR.C" and "INE.DB" respectively.

#### **Common Shares**

Holders of Common Shares are entitled to one vote per share on all matters to be voted on at all meetings of shareholders of the Corporation except meetings at which only the holders of a specified class or series of the share capital of the Corporation are entitled to vote.

Subject to the prior rights of the holders of Preferred Shares, the holders of Common Shares are entitled to receive, as and when declared by the Board of Directors out of the moneys of the Corporation properly applicable to the payment of dividends, dividends in such amounts and payable at such times as the Board of Directors will determine.

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, after payment to the holders of Preferred Shares to the amounts they are entitled to in such event, the remaining assets of the Corporation will be paid to or distributed equally and rateably among the holders of the Common Shares.

There are no rights of pre-emption, redemption or conversion in respect of the Common Shares.

#### **Preferred Shares**

Preferred Shares are issuable in series. The Board of Directors has the right to fix the number of and to determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each series.

The Preferred Shares of each series, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, rank on a parity with the Preferred Shares of every other series and are entitled to a preference and priority over the Common Shares.

The holders of any series of Preferred Shares are entitled to receive, in priority to the holders of Common Shares, as and when declared by the Board of Directors, dividends in the amounts specified or determinable in accordance with the rights, privileges, restrictions and conditions attaching to the series of which such Preferred Shares form part.

The holders of Preferred Shares are not (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of holders of Series A Shares, Series B Shares or Series C Shares as a series, as applicable) entitled to receive notice of, attend, or vote at, any meetings of shareholders of the Corporation, unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series A Shares or the Series B Shares or Series C Shares. In the event of such non-payment, and for only so long as the dividends remain in arrears, the holders of the Series A Shares, the Series B Shares or the Series C Shares, as applicable, will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Corporation on the basis of one vote in respect of each Series A Share, Series B Share or Series C Shares held by such holder, until all such arrears of such dividends have been paid, whereupon such rights shall cease.

The Corporation, subject to any rights attached to any particular series of Preferred Shares, may, at its option, redeem all or from time to time any part of the outstanding Preferred Shares on payment to the holders thereof, for each share to be redeemed, of the redemption price per share, together with all dividends declared thereon and unpaid. If entitled pursuant to the conditions attached to any particular series of Preferred Shares, a holder of Preferred Shares is entitled to require the Corporation to redeem at any time and from time to time after the date of issue of any Preferred Shares, upon giving notice, all or any number of the Preferred Shares registered in the name of such holder on the books of the Corporation, at the redemption price per share, together with all dividends declared thereon and unpaid.

The Corporation may at any time and from time to time purchase for cancellation the whole or any part of the Preferred Shares outstanding at the lowest price at which, in the opinion of the directors of the Corporation, such shares are obtainable, provided that such price or prices does not in any case exceed the redemption price current at the time of purchase for the shares of the particular series purchased, plus costs of purchase together with all dividends declared thereon and unpaid.

#### **Series A Shares and Series B Shares**

On September 14, 2010, the Corporation completed the series A offering (the "**Series A Offering**"), which resulted in the issuance of a total of 3,400,000 Series A Shares. The rights and privileges attached to Series A Shares and Series B Shares are set forth in the Certificate of Amendment dated September 10, 2010 issued by Industry Canada in connection with the Series A Offering (the "**Series A and Series B Shares Terms**"). The following text is a description of the terms of the Series A Shares and the Series B Shares, a copy of which has been filed with the Canadian securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). The following summary of certain provisions of the Series A and Series B Shares Terms is subject to, and is qualified in its entirety by reference to the Series A and Series B Shares Terms available on SEDAR at [www.sedar.com](http://www.sedar.com).

For the initial five year period from and including the date of issuance of the Series A Shares to, but excluding January 15, 2016 (the "**Initial Fixed Rate Period**"), holders of Series A Shares are entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15<sup>th</sup> day of January, April, July and October in each year at an annual rate equal to \$1.25 per Series A Share. For each five-year period after the Initial Fixed Rate Period (each a "**Subsequent Fixed Rate Period**"), holders of Series A Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15<sup>th</sup> day of January, April, July and October in each year during the Subsequent Fixed Rate Period, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate (as defined in the Series A Shares Prospectus) applicable to such Subsequent Fixed Rate Period by \$25. The Annual Fixed Dividend Rate for each Subsequent Fixed Rate Period will be equal to the sum of the Government of Canada Yield (as defined in the Series A Shares Prospectus) on the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period plus 2.79%.

Each holder of Series A Shares has the right, at its option, to convert all or any of its Series A Shares into Series B Shares on the basis of one Series B Share for each Series A Share converted, subject to certain conditions, on January 15, 2016 and on January 15 every five years thereafter. The holders of Series B Shares are entitled to receive floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15<sup>th</sup> day of January, April, July and October in each year, in the annual amount per Series B Share determined in accordance with the formula set out in the short form prospectus for the Series A Shares dated September 7, 2010 (the "**Series A Shares Prospectus**").

In addition, the Series A Shares are not redeemable by the Corporation prior to January 15, 2016. On January 15, 2016 and on January 15 every five years thereafter, subject to certain other restrictions set out in the Series A Shares Prospectus, the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem for cash all or any number of the outstanding Series A Shares for \$25 per Series A Share, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by the Corporation).

The Series B Shares are not redeemable by the Corporation on or prior to January 15, 2016. Subject to certain other restrictions set out in the Series A Shares Prospectus, the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series B Shares by payment in cash of a per share sum equal to (i) \$25 in the case of redemptions on January 15, 2021 and on January 15 every five years thereafter (each a “**Series B Conversion Date**”), or (ii) \$25.50 in the case of redemptions on any date which is not a Series B Conversion Date after January 15, 2016, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by the Corporation).

### **Series C Shares**

On December 11, 2012, the Corporation completed the Series C Offering, which resulted in the issuance of a total of 2,000,000 Series C Shares. The rights and privileges attached to Series C Shares are set forth in the Certificate of amendment dated December 6, 2012 issued by Industry Canada in connection with the Series C Offering (the “**Series C Shares Terms**”). The following text is a description of the terms of the Series C Shares, a copy of which has been filed with the Canadian securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). The following summary of certain provisions of the Series C Shares Terms is subject to, and is qualified in its entirety by reference to the Series C Shares Terms available on SEDAR at [www.sedar.com](http://www.sedar.com).

The holders of Series C Shares are entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15<sup>th</sup> day of January, April, July and October in each year at an annual rate equal to \$1.4375 per Series C Share.

The Series C Shares will not be redeemable by the Corporation prior to January 15, 2018. On or after January 15, 2018, the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of outstanding Series C Shares by payment in cash of a per share sum equal to (i) \$26 if redeemed on or prior to January 15, 2019; (ii) \$25.75 if redeemed thereafter and on or prior to January 15, 2020; (iii) \$25.50 if redeemed thereafter and on or prior to January 15, 2021; (iv) \$25.25 if redeemed thereafter and on or prior to January 15, 2022; and (v) \$25 if redeemed thereafter, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption.

The Series C Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof.

### **5.75% Convertible Debentures**

On March 8, 2010, the Corporation completed the offering of Debentures (the “**Debenture Offering**”) in the aggregate principal amount of \$80.5 million including \$10.5 million in over-allotment. As at March 27, 2015, the debentures were decreased by an aggregate amount of \$922,000 further to the exercise by debenture holders of their conversion privileges. Therefore, as at March 27, 2015 the debentures principal amounts to \$79,578 million (the “**Debentures**”).

The Debentures were issued under an indenture, dated March 8, 2010, between the Corporation and Computershare Trust Company of Canada (the “**Debenture Indenture**”). The following text is a description of the terms of the Debenture Indenture, copy of which has been filed with the Canadian securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). The following summary of certain provisions of the Debenture Indenture is subject to, and is qualified in its entirety by reference to, the provisions of the Debenture Indenture, available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Debentures have a maturity date of April 30, 2017 and bear interest at a rate of 5.75% per annum, payable semi-annually, and are convertible at the option of their holders into Common Shares of the Corporation at a conversion rate of 93.8967 Common Shares per \$1,000 principal amount of Debentures, which is equal to a conversion price of \$10.65 per Common Share.

After April 30, 2013 and prior to April 30, 2015, the Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price (the “**Current Market Price**”).

On or after April 30, 2015 and prior to the maturity date, the Debentures may be redeemed, in whole or in part, at the option of the Corporation on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest. Subject to required regulatory approval and provided that there is not a current event of default (as defined in the Debenture Indenture), the Corporation may, at its option, elect to satisfy its obligation to pay the principal amount of the Debentures on redemption or at maturity, in whole or in part, through the issuance of freely tradable Common Shares upon at least 40 days and not more than 60 days prior notice, by delivering that number of Common Shares obtained by dividing the principal amount of the Debentures by 95% of the Current Market Price. Any accrued or unpaid interest will be paid in cash.

## RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities.

The following table sets out the ratings of the Corporation, of its Series A Shares and of its Series C Shares received from Standard & Poor's ("**S&P**") as at March 27, 2015.

	S&P
Innergex Renewable Energy Inc.	BBB-
Series A Shares	P-3
Series C Shares	P-3

The Corporation is rated BBB- with a stable rating outlook by S&P. An S&P's issuer credit rating is a forward-looking opinion about an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. Such opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. S&P ratings for long-term debt instrument range from a high of AAA to a low of CC. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. According to S&P rating system, an obligor rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. An S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). The outlook may be qualified as Positive, Negative, Stable, Developing or N.M. (not meaningful). A Stable rating outlook means that a rating is not likely to change.

The Series A Shares and the Series C Shares have each been given a Canadian scale rating of P-3 by S&P. Such P-3 rating is the tenth of twenty ratings used by S&P in its Canadian preferred share rating scale (the first rating being the highest and the twentieth rating being the lowest). According to S&P, such a P-3 rating indicates that although the obligation is considered to be less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

The Corporation has paid applicable service fees to S&P for the rating of the Corporation, of the Series A Shares and the Series C Shares and the Annual Review thereof. The Corporation has not paid any other amounts for other services provided by S&P within the last two years.

On October 10, 2014, DBRS announced that it was discontinuing the Corporation's rating, the Series A Shares, the Series C Shares and the preferred shares rating of the Corporation. DBRS noted that this discontinuance was unrelated to the Corporation's credit profile.

The Corporation has not paid any amount for rating services or any other services provided by DBRS within the last two years.

Ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

## MARKET FOR SECURITIES

### COMMON SHARES

The Common Shares are listed for trading on the TSX under the symbol "INE".

The following table sets forth the price range and daily average trading volume, in Canadian dollars, of the Common Shares on the TSX for each month of the most recently completed financial year and the first three months of 2015.

	Highest price	Lowest price	Daily Average Volume
January 2014	10.90	9.93	206,357
February 2014	10.44	9.57	137,428
March 2014	10.25	9.80	119,793
April 2014	10.75	9.92	127,957
May 2014	10.79	10.17	111,194
June 2014	10.94	9.96	96,794
July 2014	10.97	10.48	87,548
August 2014	10.89	10.16	93,524
September 2014	10.75	10.14	161,325
October 2014	11.04	9.81	92,148
November 2014	11.25	10.58	98,406
December 2014	11.54	10.88	145,249
January 2015	12.10	11.04	142,337
February 2015	12.36	11.51	122,120
March 1 to 27, 2015	11.97	11.10	127,845

### SERIES A SHARES

The Series A Shares are listed on the TSX under the symbol "INE.PR.A".

The following table sets forth the price range, in Canadian dollars and daily average trading volume, of the Series A Shares on the TSX for each month of the most recently completed financial year and the first three months of 2015.

	Highest price	Lowest price	Daily Average Volume
January 2014	20.18	19.49	2,640
February 2014	20.55	19.50	3,706
March 2014	20.39	19.70	1,365
April 2014	20.25	19.45	2,014
May 2014	21.00	19.50	2,734
June 2014	19.75	19.01	3,028
July 2014	20.11	19.20	2,519
August 2014	20.49	19.91	1,057
September 2014	20.14	19.35	1,726
October 2014	19.70	19.00	2,515
November 2014	19.65	18.88	3,878
December 2014	19.99	17.50	7,158
January 2015	18.59	16.50	2,263
February 2015	17.45	16.50	3,868
March 1 to 27, 2015	17.20	15.25	2,555

### 5.75% CONVERTIBLE DEBENTURES

The Debentures are listed on the TSX under the symbol "INE.DB".

The following table sets forth the price range and daily average trading volume, in Canadian dollars, of the Debentures on the TSX for each month of the most recently completed financial year and the first three months of 2015.

	Highest price	Lowest price	Daily Average Volume
January 2014	106.45	103.75	820
February 2014	105.71	102.02	768
March 2014	105.00	103.00	724
April 2014	106.51	104.30	390
May 2014	106.50	105.00	198
June 2014	106.74	104.50	230
July 2014	107.50	106.00	520
August 2014	107.23	105.51	157
September 2014	106.01	103.86	232
October 2014	107.99	101.75	440
November 2014	107.70	103.50	796
December 2014	109.83	105.00	308
January 2015	114.19	107.35	988
February 2015	116.10	108.88	3,837
March 1 to 27, 2015	112.68	106.00	654

### SERIES C SHARES

The Series C Shares are listed on the TSX under the symbol "INE.PR.C".

The following table sets forth the price range, in Canadian dollars and daily average trading volume, of the Series C Shares on the TSX for each month of the most recently completed financial year and the first three months of 2015.

	Highest price	Lowest price	Daily Average Volume
January 2014	19.55	18.42	1,953
February 2014	19.20	18.29	2,880
March 2014	20.10	19.28	1,209
April 2014	20.67	19.69	747
May 2014	20.57	20.10	2,352
June 2014	21.60	20.09	2,660
July 2014	22.00	21.00	2,162
August 2014	21.57	20.91	766
September 2014	21.64	20.81	882
October 2014	20.85	19.22	1,275
November 2014	20.87	20.40	1,163
December 2014	20.70	19.20	1,780
January 2015	20.69	20.00	688
February 2015	21.13	20.18	6,187
March 1 to 27, 2015	20.73	20.21	1,273

## DIRECTORS AND EXECUTIVE OFFICERS

### DIRECTORS

The following table sets forth the name, municipality, province or state and country of residence of each director of the Corporation as of the date of this Annual Information Form, his principal occupation, the period during which each has acted as a director and the Common Shares in number and percentage each director holds. Each director is elected until the next annual meeting of shareholders or until a successor is elected by shareholders, unless the director resigns or his or her office becomes vacant by removal, death or other cause.

Name and Municipality of Residence	Director since	Principal Occupation	Common Shares beneficially owned or controlled or directed <sup>(1)</sup>	% of Common Shares
JOHN A. HANNA <sup>(3)(4)(8)</sup> Toronto, Ontario, Canada	2010	Corporate Director	53,800	0.053%
JEAN LA COUTURE <sup>(3)(7)(9)</sup> Montréal, Québec, Canada	2010	President, Huis Clos Ltée, business management consultants and dispute advisors	23,972	0.024%
RICHARD LAFLAMME <sup>(3)(5)</sup> St-Laurent, Île d'Orléans, Québec, Canada	2010	Corporate Director	14,000	0.014%
DANIEL L. LAFRANCE <sup>(2)(3)</sup> Montréal, Québec, Canada	2010	Corporate Director	31,000	0.031%
WILLIAM A. LAMBERT <sup>(6)</sup> Toronto, Ontario, Canada	2007	Corporate Director	153,300	0.152%
MICHEL LETELLIER, St-Lambert, Québec, Canada	2002	President and Chief Executive Officer of the Corporation	619,527	0.613%

(1) The information as to Common Shares beneficially owned, controlled or directed by each director has been furnished by the respective directors individually.

(2) Member of the Audit, the Human Resources and the Nominating committees.

(3) John A. Hanna, Jean La Couture, Richard Laflamme and Daniel L. Lafrance were appointed directors of the Corporation on March 29, 2010 upon completion of the strategic combination of the Corporation and Innergex Power Income Fund (the "Fund") by way of reverse take-over bid (the "Arrangement"). Prior to the Arrangement, they were, since 2003, trustees of Innergex Power Trust, which was a wholly-owned subsidiary of the Fund which was itself a publicly-traded TSX listed issuer.

(4) Chair of the Audit Committee and member of the Nominating Committee.

(5) Chair of the Human Resources Committee and member of the Corporate Governance and the Nominating committees.

(6) Member of the Corporate Governance, the Audit and the Nominating committees.

(7) Chairman of the Board of Directors, Chair of the Nominating and the Corporate Governance committees and member of all other committees of the Corporation.

(8) John A. Hanna also holds 7,000 Series C Shares, representing 0.0035% of the issued and outstanding Series C Shares.

(9) Jean La Couture also holds indirectly \$200,000 principal amount of Debentures.

During the past five years, each of the above directors has held his or her present principal occupation or other management positions with the same firm or with other associated companies or firms, including affiliates and predecessors, indicated beside his or her name, except for Richard Laflamme who was, prior to December 2012 General Manager, Université du Québec Pension Funds and Daniel L. Lafrance who was, prior to August 2013, Senior Vice President Finance and Procurement, Chief Financial Officer and Secretary of Lantic Inc.

## EXECUTIVE OFFICERS

The following table sets forth the name, municipality, province or state and country of residence of each executive officer, his or her office and principal occupation and the period of service as an executive officer of the Corporation.

<b>Name and Municipality of Residence</b>	<b>Officer since</b>	<b>Office/Principal Occupation</b>
MICHEL LETELLIER, MBA St-Lambert, Québec, Canada	2003	President and Chief Executive Officer
JEAN PERRON, CPA, CA Brossard, Québec, Canada	2003	Chief Financial Officer
JEAN TRUDEL, MBA Montréal, Québec, Canada	2003	Chief Investment Officer
FRANÇOIS HÉBERT Bromont, Québec, Canada	2003	Senior Vice President - Operations and Maintenance
RICHARD BLANCHET, P. Eng., M.Sc. North Vancouver, British Columbia, Canada	2004	Senior Vice President – Development, Western Canada and Latin America
PETER GROVER, Eng. St-Bruno, Québec, Canada	2005	Senior Vice President – Wind and Solar Projects Management
RENAUD DE BATZ DE TRENQUELLÉON, P.Geo., M.Sc., MBA North Vancouver, British Columbia, Canada	2005	Senior Vice President – Hydroelectric Projects Management
MATTHEW KENNEDY, M.Sc., R.P.Bio. Vancouver, British Columbia, Canada	2011	Vice President – Environment
ANNE CLICHE Laval, Québec, Canada	2011	Vice-President – Human Resources
CLAUDE CHARTRAND, P.Eng. B.A.Sc. Vancouver, British Columbia, Canada	2012	Vice President - Engineering
NATHALIE THÉBERGE, LL.B Montréal, Québec, Canada	2010	Vice President - Corporate Legal Affairs and Secretary
YVES BARIBEAULT, Eng., LL.B., MBA Montréal, Québec, Canada	2015	Vice President – Legal Affairs, Operations and Projects

During the past five years, each of the above executive officers has held his present principal occupation or other management positions with the Corporation except for: Claude Chartrand, who was Vice President Energy at Aecom Canada from November 2010 to February 2012 and Vice President and Chief of Operations Americas at RSW Inc. prior to November 2010; Anne Cliche who, prior to July 2011, was a consultant in Organizational Development and Change Management; Matt Kennedy, who was Vice President Environment for Cloudworks Energy Inc. from 2010 to April 2011 and, prior to 2010, was Development Manager at Canadian Hydro Developers; and Nathalie Théberge who was, prior to November 2010, practicing law as a consultant since September 2009.

The directors and executive officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over 1,755,330 Common Shares, representing 1.74% of the Corporation's total issued and outstanding Common Shares as of March 27, 2015.

## BANKRUPTCY, INSOLVENCY, CEASE TRADE ORDER AND PENALTIES

As a director of Quebecor Inc., the controlling shareholder of Quebecor World Inc., Jean La Couture was asked to join the Board of Directors of Quebecor World Inc. on December 10, 2007. On January 21, 2008, Quebecor World Inc. filed for protection under the *Companies Creditors Arrangement Act* in Canada and Chapter 11 of the U.S. Bankruptcy Code. Jean La Couture resigned as Director of Quebecor World Inc. on December 16, 2008. In July 2009, Quebecor World Inc. emerged from Canadian and U.S. bankruptcy proceedings.

With the exception of the foregoing, to the knowledge of the Corporation, none of the directors and executive officers of the Corporation (a) is, as of the date of this Annual Information Form, nor has been within ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of a corporation that (i) was subject to an order issued while such director or executive officer of the Corporation was acting in the capacity of director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after such director

or executive officer of the Corporation ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer, (b) is not, as of the date of this Annual Information Form, nor has been within ten years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director or executive officer of the Corporation.

For the purposes of the paragraph above, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

## **CONFLICTS OF INTEREST**

There are no existing or potential material conflicts of interest between the Corporation or any of its subsidiaries and their respective directors and officers. Certain of the Corporation’s directors and officers also serve as directors or officers of other corporations. Such associations may give rise to conflicts of interest from time to time. Management of the Corporation and the Board of Directors will address any such conflict of interest which may arise in the future in accordance with reasonable expectations and objectives of the Corporation and will act in accordance with any duty of care and any duty to act in good faith owed to the Corporation.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Neither the Corporation nor its properties is, nor was during the year ended December 31, 2014, subject to any legal proceedings that would have a material adverse effect on it. To the Corporation’s knowledge, no such legal proceedings involving the Corporation or its property are contemplated.

However, on January 14, 2014, Harrison Hydro Project Inc., Fire Creek Project Limited Partnership, Lamont Creek Project Limited Partnership, Stokke Creek Project Limited Partnership, Tipella Creek Project Limited Partnership and Upper Stave Project Limited Partnership filed appeals with the Environmental Appeal Board challenging a determination by the Comptroller of the Water Rights respecting the water rental rates to be charged under the Water Act R.S.B.C. 1996, c. 483 in respect of the Fire Creek Facility, the Lamont Creek Facility, the Stokke Creek Facility, the Tipella Creek Facility and the Upper Stave River Facility. The outcome of the appeal could affect the expenses of these entities on an annual basis going forward which would represent an approximately \$1.6 million aggregate increase for water rights. The amount for such potential increase water rentals was included in the years 2013 and 2014 results of the Corporation which owns a 50.0024% indirect interest in those facilities.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of any category of shares of the Corporation or known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or during the current financial year or in any proposed transaction, that has materially affected or will materially affect the Corporation.

However, on March 17, 2015, Upper Lillooet River Power Limited Partnership and Boulder Creek Power Limited Partnership, which are affiliates of the Corporation, closed a \$491.6 million non-recourse construction and term financing for the Upper Lillooet River and Boulder Creek run-of-river hydroelectric projects located in British Columbia. This financing was arranged through a competitive selection process by the Manufacturers Life Insurance Company, as agent, *inter alia*, with a syndicate of lenders which included Caisse de dépôt et placement du Québec. Based on public filing, as at January 15, 2015, the Caisse de dépôt et placement du Québec held 10,753,587 Common Shares of the Corporation, representing 10.64% of its issued and outstanding Common Shares.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of the Corporation is Computershare Investor Services Inc., for the Common Shares, the Series A Shares, the Series B Shares and the Series C Shares and Computershare Trust Company of Canada for the Debentures at their offices in Toronto and Montréal.

## MATERIAL CONTRACTS

During financial year 2014, the Corporation did not enter into any material contracts. However, in 2012, the Corporation entered into the following material contract which are stills in force and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

- the Partnership Interest Purchase Agreement, the particulars of which are contained under “General Development of the Business - Three-Year Summary - Financial Year 2012”;

## INTEREST OF EXPERTS

Deloitte LLP is the independent auditor of the Corporation and has advised that it is independent with respect to the Corporation within the meaning of the Code of ethics of the *Ordre des comptables professionnels agréés du Québec*.

## AUDIT COMMITTEE DISCLOSURE

The Audit Committee is composed entirely of directors who meet the independence and experience requirements of *Regulation 52-110 Respecting Audit Committees* adopted under the *Securities Act* (Québec). John A. Hanna is Chair of the Audit Committee and Jean La Couture, Daniel L. Lafrance and William A. Lambert are its other current members. Each of them is independent and financially literate within the meaning of *Regulation 52-110 Respecting Audit Committees*. The charter of the Audit Committee is attached hereto as Schedule B.

In addition to being operationally literate (having substantial experience in the execution of day to day business decisions and strategic business objectives acquired as a result of meaningful past experience with a broad responsibility for operations), the members of the Board of Directors who serve on the Corporation's Audit Committee must be financially literate in the sense of having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally compared to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements, and otherwise in keeping with applicable governance standards under applicable securities laws and regulations. All members of the Audit Committee are operationally as well as financially literate.

The education and related experience of each of the members of Audit Committee is described below.

**John A. Hanna (Chair)** - John A. Hanna has acted as a corporate director as his principal occupation since November 2005. From 2003 until July 2005, he was Chief Executive Officer of Rexel Canada Electrical Inc. Graduated from Loyola University (now Concordia University) with a bachelor's degree of commerce (accounting), John A. Hanna is also a FCPA and Fellow of CGA Canada (1990). He currently acts as a director of Uni-Select Inc. and of Russel Metals Inc., both reporting issuers and from April 2009 to April 2013, has acted as a member of the audit independent committee of Transport Canada and Infrastructure Canada. He currently acts as member and chair of the audit committee of the Canada Department of Foreign Affairs, Trade and Development

**Jean La Couture** - Jean La Couture is President of Huis Clos Ltd., a management and mediation firm. He is a Fellow of the *Ordre des Comptables professionnels agréés du Québec* and member of the *Ordre des Comptables professionnels agréés du Québec* since 1967. Jean La Couture headed Le Groupe Mallette (an accounting firm) before becoming President and Chief Executive Officer of The Guarantee Company of North America. In 1995, Jean La Couture founded Huis Clos Ltd., which specializes in management and mediation as well as in civil and commercial negotiations. He is Chairman of the Board of Groupe Pomerleau and director and Chairman of the Audit Committee of Québecor Inc., a reporting issuer. He is also a director at the Caisse de dépôt et placement du Québec.

**Daniel L. Lafrance** - Daniel L. Lafrance has acted as a corporate director as his principal occupation since August 2013. Prior to that, he was Senior Vice President Finance and Procurement, Chief Financial Officer and Secretary of Lantic Inc., wholly-owned by Rogers Sugar Inc. from February 1992 to August 2013. He holds a bachelor's degree in accounting (1977) from the University of Ottawa. Daniel L. Lafrance has also been member of the *Ordre des Comptables professionnels agréés du Québec* from 1980 to 2014 and is a member of the Institute of Chartered Accountants of Ontario since 1980. He currently acts as a director of Lantic Inc.

**William A. Lambert** – William A. Lambert has acted as a corporate director as his principal occupation since December 2009. He was a partner of Birch Hill Equity Partners from August 2005 to December 2009 and was an officer of TD Capital Group Limited from 1987 to January 2006. William A. Lambert received an MBA from York University and a Bachelor's of Science in Electrical Engineering from the Massachusetts Institute of Technology. He currently acts as a director of Ag Growth International Inc. and Biox Corporation, both of which are reporting issuers.

The aggregate fees paid, including the Corporation's pro rata share of the fees paid by its joint ventures, for professional services rendered by Deloitte LLP and its affiliates for the year ended December 31, 2014 and for the year ended December 31, 2013, are presented below.

FEES	FINANCIAL YEAR ENDED DECEMBER 31, 2014	FINANCIAL YEAR ENDED DECEMBER 31, 2013
Audit fees	\$544,850	\$537,660
Audit-related fees	nil	nil
Tax fees	nil	\$115,200
All other fees	\$49,300	nil
<b>Total fees<sup>(1)</sup>:</b>	<b>\$594,150</b>	<b>\$652,860</b>

(1) The aggregate fees paid to Deloitte LLP, irrespective of the Corporation's proportionate interest in its joint ventures, totalled \$636,200 in 2014 and \$693,810 in 2013.

In the above table, the terms in the column "Fees" have the following meanings: "Audit fees" refer to all fees for professional services rendered for the audit of the annual financial statements. They also comprise fees for audit services provided in connection with other statutory and regulatory filings, such as the audit of the financial statements of the subsidiaries of the Corporation or the Fund, as applicable, as well as services that generally only the Corporation's, auditors can provide, such as comfort letters, consents and assistance with and review of documents filed with the securities commissions; "Audit-related fees" refer to the fees for due diligence related to potential mergers and acquisitions and are not reported under "Audit fees"; "Tax fees" refer to the aggregate fees for income, consumption and other tax compliance, advice and planning services relating to domestic and international taxation; and "All other fees" refer to the aggregate fees billed for products and services provided by the Corporation's external auditor, other than "Audit fees", "Audit-related fees" and "Tax fees".

Once a year, the Audit Committee performs an assessment and comprehensive review of the external auditors and communicates the results of such annual assessment to the Board of directors

#### ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's information circular prepared in connection with the Corporation's most recent annual shareholders' meeting and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial information on the Corporation is provided in its audited financial statements and its management's discussion and analysis of financial condition and results of operations for the most recently completed financial year which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

All requests for the above-mentioned documents must be addressed to the Corporate Secretary of Innergex Renewable Energy Inc. at 1111 Saint-Charles Street West, East Tower, Suite 1255, Longueuil, Québec, J4K 5G4 or by email at [legal@innergex.com](mailto:legal@innergex.com) or by fax at 450-928-2544.

## GLOSSARY OF TERMS

- “L’Anse-à-Valleau Wind Farm”** means the 100.5 MW wind power facility located in L’Anse-à-Valleau, Québec;
- “Arrangement”** means the definitive arrangement agreement entered into on January 31, 2010 between the Corporation and the Fund to undertake a strategic combination of the two entities whereby the Fund acquired the Corporation by way of a reverse take-over, thereby effecting at the same time the conversion of the Fund to a corporation;
- “Ashlu Creek Facility”** means the 49.9 MW hydroelectric power facility located on Ashlu Creek in British Columbia;
- “Audit Fees”** has the meaning attributed thereto under “Audit Committee Disclosure”;
- “Audit-related Fees”** has the meaning attributed thereto under “Audit Committee Disclosure”;
- “Baie-des-Sables Wind Farm”** means the 109.5 MW wind power facility located in Baie-des-Sables and Métis-sur-Mer, Québec;
- “Batawa Facility”** means the 5 MW hydroelectric power generating facility located on the Trent-Severn Waterway near Trenton, Province of Ontario;
- “BC”** means the Province of British Columbia;
- “BC Hydro”** means British Columbia Hydro and Power Authority;
- “Big Silver Creek Project”** means the 40.6 MW hydroelectric project located approximately 40 km north of Harrison Hot Springs in British Columbia;
- “Boulder Creek LP”** means Boulder Creek Power Limited Partnership
- “Boulder Creek Project”** means the 25.3 MW hydroelectric power project located 56 km northwest of Pemberton, British Columbia;
- “Brown Lake Facility”** means the 7.2 MW hydroelectric power generating facility located on the Ecstall River, near Prince Rupert, British Columbia;
- “Capital Power”** means collectively Capital Power L.P. and Capital Power Generation Services Inc.;
- “Carleton Wind Farm”** means the 109.5 MW wind farm located in the Town of Carleton-Sur-Mer and the Regional County Municipality of Bonaventure, Québec;
- “Cartier Wind Farms”** has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Operating Facilities - Operating Wind Farms – Wind Farms located in Québec”;
- “CC&L”** has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Operating Facilities - Operating Hydroelectric Facilities - Operating Facilities located in British Columbia”;
- “Chaudière Facility”** means the 24 MW hydroelectric power generating facility located on the Chaudière River near Lévis, Province of Québec;
- “CHI”** has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Operating Facilities - Operating Hydroelectric Facilities - Operating Facilities located in British Columbia”;
- “COD”** means commercial operation date in respect of a project in accordance with its PPA;
- “Common Shares”** has the meaning attributed thereto under “Corporate Structure”;
- “Corporation”** means Innergex Renewable Energy Inc. and includes its subsidiaries, unless the context requires otherwise;
- “CPI”** means the consumer price index for Canada;
- “Credit Ratings”** has the meaning attributed thereto under sub-section “Credit rating may not reflect actual performance of the Corporation or a lowering of (downgrade) the credit rating may occur” under “Risk Factors”.
- “Current Market Price”** has the meaning attributed thereto under “Description of Capital Structure - 5.75% Convertible Debentures”;
- “DBRS”** means DBRS Limited;
- “DFN”** means the Douglas First Nation band;
- “Debentures”** has the meaning attributed under “Description of Capital Structure - 5.75% Convertible Debentures”;
- “Debenture Offering”** has the meaning attributed under “Description of Capital Structure - 5.75% Convertible Debentures”;
- “Debenture Indenture”** has the meaning attributed under “Description of Capital Structure - 5.75% Convertible Debentures”;
- “Development Projects”** has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Portfolio of Assets”;

**“Douglas Creek Facility”** means the 27 MW hydroelectric power project located nearby the confluence of Douglas Creek with Little Harrison Lake in British Columbia;

**“ecoENERGY Initiative”** means an initiative from the Federal Government for renewable energy providing for an incentive payment of \$10 per MWh for its first ten years of operations;

**“Finavera Purchase Agreement”** has the meaning attributed thereto under “General Development of the Business - Three-Year Summary - Financial Year 2012”;

**“Fire Creek Facility”** means the 23 MW hydroelectric power project located nearby the confluence of Fire Creek with State River in British Columbia;

**“FIT”** means Feed-In Tariff Program;

**“Fitzsimmons Creek Facility”** means the 7.5 MW hydroelectric power facility located on Fitzsimmons Creek in the resort municipality of Whistler in British Columbia;

**“Fund”** means Innergex Power Income Fund;

**“Glen Miller Facility”** means the 8 MW hydroelectric power facility located on the Trent River in Trenton, Ontario;

**“Gros-Morne Wind Farm”** means the 211.5 MW wind power facility located in the Municipalities of Mont-Louis and Sainte-Madeleine-de-la-Rivière-Madeleine, Québec;

**“Harrison Operating Facilities”** means the six run-of-river hydroelectric facilities having a combined installed gross capacity of 150 MW, namely the Douglas Creek Facility, the Fire Creek Facility, the Stokke Creek Facility, the Tipella Creek Facility, the Upper Stave River Facility and the Lamont Creek Facility;

**“HHLP”** means Harrison Hydro Limited Partnership;

**“Horseshoe Bend Facility”** means the 9.5 MW hydroelectric power generating facility located on the Payette River, in the State of Idaho in the United States;

**“Hydroméga”** means Hydroméga Services Inc.;

**“Hydrowatt”** means Hydrowatt SM-1 Inc. and other related companies;

**“IESO”** means Ontario’s *Independent Electricity System Operator*;

**“Initial Fixed Rate Period”** has the meaning attributed thereto under “Description of Capital Structure - Preferred Shares – Series A Shares and Series B Shares”;

**“km”** means kilometer;

**“kV”** means one kilovolt or 1,000 volts;

**“KWh”** means one kilowatt per hour or 1,000 watts per hour;

**“Kwoiek Creek Facility”** means the 49.9 MW hydroelectric power project located on Kwoiek Creek in British Columbia;

**“Kwoiek Creek LP”** means Kwoiek Creek Resources Limited Partnership;

**“Lamont Creek Facility”** means the 27 MW hydroelectric power project located near Harrison Lake in south-western British Columbia on Lamont Creek;

**“Ledcor”** means Ledcor Power Group Ltd.;

**“Magpie Facility”** means the 40.6 MW hydroelectric power generating station located on the Magpie River, in the municipality of Rivière-Saint-Jean and approximately 150 km east of Sept-Îles, Québec;

**“Magpie Hydroelectric Facility Acquisition”** has the meaning attributed thereto under “General Development of the Business - Three-Year Summary - Financial Year 2012”;

**“Mesgi’g Ugju’s’n (MU) Project”** has the meaning attributed thereto under “General Development of the Business - Three-Year Summary - Financial Year 2014”;

**“Mesgi’g Ugju’s’n (MU) LP”** means Mesgi’g Ugju’s’n (MU) Wind Farm, L.P.;

**“Mesgi’g Ugju’s’n (MU) PPA”** has the meaning attributed thereto under “Description of the Business and Assets of the Corporation – Wind Development Projects – Mesgi’g Ugju’s’n (MU) Project”;

**“Mi’gmawei Mawiomi”** is the representative organization of the three Mi’gmaq communities;

**“Mi’gmaq communities”** means the communities located in Gespe’gewa’gi Gespeg, Gesgapegiag and Listuguj;

**“Minganie RCM”** means Minganie Regional County Municipality.

**“Miller Creek Facility”** means the 33 MW hydroelectric power generating facility located on Miller Creek, near Pemberton, British Columbia, approximately 30 km northeast of the Resort Municipality of Whistler, British Columbia;

**“Montagne Sèche Wind Farm”** means the 58.5 MW wind power facility located in the Municipality of the Canton of Cloridorme, Québec;

**“Montmagny Facility”** means the 2.1 MW hydroelectric power generating facility located on Rivière du Sud in the City of Montmagny, Québec;

**“MW”** means one million watts or one megawatt;

**“MWh”** means one million watts per hour or one megawatt per hour;

**“Northwest Stave River Facility”** means the 17.5 MW hydroelectric power project located approximately 35 km north of Mission, British Columbia;

**“OPA”** means Ontario Power Authority;

**“Operating Facilities”** has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Portfolio of Assets”;

**“OPG”** means Ontario Power Generation;

**“Other Hydroméga Hydroelectric Facilities and Development Projects”** means the Dokis Project, the Kapuskasing Projects and the Sainte-Marguerite Facility;

**“Partnership Interest Purchase Agreement”** has the meaning attributed thereto under “General Development of the Business - Three-Year Summary - Financial Year 2012”;

**“Portneuf Facilities”** means the three Portneuf Facilities namely, Portneuf – 1 of 8 MW, Portneuf – 2 of 9.9 MW and Portneuf – 3 of 8 MW located the Portneuf River in Sainte-Anne-de-Portneuf and Saint-Paul-du-Nord-Sault-au-Mouton within the Seigneurie des Milles-Vaches, Province of Québec;

**“PPA”** means a power purchase agreement, an electricity supply agreement, an electricity purchase agreement or a renewable energy supply contract;

**“Preferred Shares”** has the meaning attributed thereto under “Corporate Structure”;

**“Prospective BC Wind Projects”** has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Prospective Projects - Other Prospective British Columbia Wind Projects”;

**“Prospective Projects”** has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Portfolio of Assets”;

**“Prospective Québec Wind Projects”** has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Prospective Projects - Various Other Prospective Québec Wind Projects”;

**“PV”** means photovoltaic;

**“Request for Proposals”** or **“RFP”** means a request for proposals issued by a provincial government or an entity created by such government for such purpose;

**“RPS”** has the meaning attributed thereto under “Industry Overview and Market Trends - Renewable Power in Canada”;

**“Rutherford Creek Facility”** means the 49.9 MW hydroelectric facility located near Pemberton, British Columbia;

**“S&P”** means Standard & Poor’s;

**“Saint-Paulin Facility”** means the 8 MW hydroelectric power-generating facility located in the Municipality of Saint-Paulin, Province of Québec;

**“Series A Shares”** has the meaning attributed thereto under “Corporate Structure”;

**“Series A Offering”** has the meaning attributed thereto under “Description of the Capital Structure - Preferred Shares - Series A Shares and Series B Shares”;

**“Series A and Series B Shares Terms”** has the meaning attributed thereto under “Description of the Capital Structure - Preferred Shares - Series A Shares and Series B Shares”;

**“Series A Shares Prospectus”** means the short form prospectus for the Series A Shares dated September 7, 2010;

**“Series B Shares”** has the meaning attributed thereto under “Corporate Structure”;

**“Series B Conversion Date”** has the meaning attributed thereto under “Description of Capital Structure - Preferred Shares – Series A Shares and Series B Shares”;

**“Series C Shares”** has the meaning attributed thereto under “Corporate Structure”.

**“Series C Offering”** has the meaning attributed thereto under “General Development of the Business - Three-Year Summary - Financial Year 2012”;

**“Series C Shares Terms”** has the meaning attributed thereto under “Description of the Capital Structure - Preferred Shares - Series C Shares”;

**“Series C Underwriting Agreement”** has the meaning attributed thereto under “General Development of the Business - Three-Year Summary - Financial Year 2012”;

**“Sharing Facilities and Project”** has the meaning attributed thereto under “Risk Factors – Risks Relating to the Corporation – Shared Transmission and Interconnection Infrastructure”;

**“Shared Substation”** means all six of the Harrison Operating Facilities connect to BC Hydro’s high voltage transmission system at a shared substation they collectively own located next to BC Hydro’s Upper Harrison Terminal;

“**SM-1 Facility**” means the 30.5 MW hydroelectric power generating station located on private land near the town of Sept-Îles, Québec.

“**Standing Offer Program**” or “**SOP**” means a program or mechanism, established by a provincial government or an entity created by such government for such purpose, through which a standard and simplified contracting process and contractual terms are provided for independent power producers to enter into PPAs for relatively small renewable electricity generating projects;

“**Stardale Solar Farm**” has the same meaning attributed thereto under “General Development of the Business - Three-Year Summary - Financial Year 2012”;

“**Stokke Creek Facility**” means the 22 MW hydroelectric power project located near Harrison Lake in south-western British Columbia on Stokke Creek;

“**Subsequent Fixed Rate Period**” has the meaning attributed thereto under “Description of Capital Structure - Preferred Shares – Series A Shares and Series B Shares”;

“**Tipella Creek Facility**” means the 18 MW hydroelectric power project located near Harrison Lake in south-western British Columbia on Tipella Creek;

“**TransCanada**” means TransCanada Energy Ltd.;

“**Tretheway Creek Project**” means the 21.2 MW hydroelectric project located approximately 50km north of Harrison Hot Springs in British Columbia;

“**TSX**” means the Toronto Stock Exchange;

“**TWh**” means 1,000 gigawatts per hour or one million megawatts per hour;

“**UHT**” has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Operating Facilities - Operating Hydroelectric Facilities – Hydroelectric Facilities located in British Columbia”;

“**Umbata Falls Facility**” means the 23 MW Umbata Falls hydroelectric power facility located on the White River in Ontario;

“**Upper Lillooet River Project**” means the 81.4 MW hydroelectric power project located on Lillooet River northwest of Pemberton, British Columbia;

“**Upper Stave River Facility**” means the 33 MW hydroelectric power project located near Harrison Lake in south-western British Columbia on Stave River;

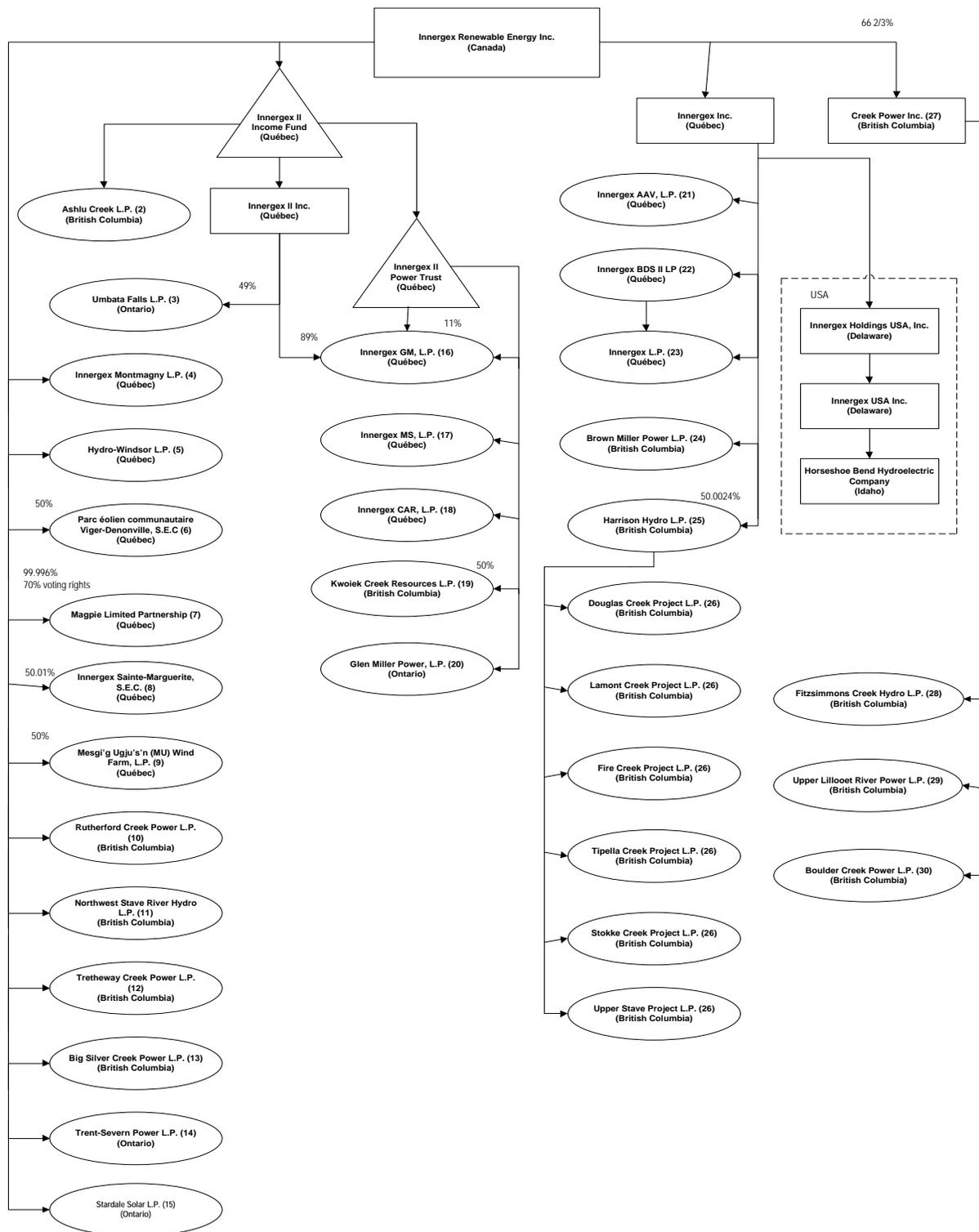
“**Viger-Denonville, L.P.**” means Parc éolien communautaire Viger-Denonville, s.e.c.;

“**Viger-Denonville Wind Farm**” means the 24.6 MW wind power facility located in the Municipalities of Saint-Paul-de-la-Croix and Saint-Épiphanie, Québec;

“**Windsor Facility**” means the 5.5 MW hydroelectric power generating facility located on the St-François River, near Windsor, Province of Québec.

## SCHEDULE A CORPORATE STRUCTURE

The following chart outlines the corporate structure of the Corporation and its material subsidiaries<sup>(1)</sup> as well as certain other material ownership interests held by the Corporation as at the date of this Annual Information Form.



- (1) Unless otherwise indicated, the Corporation has a 100% direct or indirect interest in the entity.
- (2) Ashlu Creek Investments L.P. owns 100% of the Ashlu Creek Facility and its general partner is 675729 British Columbia Ltd., a wholly-owned subsidiary of Innergex II Inc.
- (3) Umbata Falls L.P. owns 100% of the Umbata Falls Facility and its general partner is Begetekong Power Corporation, which is 49% owned by Innergex II Inc.
- (4) Innergex Montmagny, L.P. owns 100% of the Montmagny Facility and its general partner is Innergex Windsor-Montmagny Inc., a wholly-owned subsidiary of Innergex Inc.
- (5) Hydro-Windsor, L.P. owns 100% of the Windsor Facility and its general partner is Innergex Windsor-Montmagny Inc., a wholly-owned subsidiary of Innergex Inc.
- (6) Parc éolien communautaire Viger-Denonville, S.E.C. owns 100% of the Viger-Denonville Wind Farm and its general partner is Parc éolien communautaire Viger-Denonville Inc., which is 50% owned by Innergex Inc.
- (7) Magpie Limited Partnership owns 100% of the Magpie Facility and its general partner is Innergex Magpie Inc., a wholly-owned subsidiary of the Corporation.
- (8) Innergex Sainte-Marguerite, S.E.C. owns 100% of the SM-1 Facility and its general partner is Innergex Sainte-Marguerite Inc., a wholly-owned subsidiary of the Corporation.
- (9) Mesgi'g Ugiu's'n (MU) Wind Farm, L.P., owns 100% of the Mesgi'g Ugiu's'n (MU) Project and its general partner is Mesgi'g Ugiu's'n (MU) Wind Farm Inc., which is 50% owned by Innergex Inc.
- (10) Rutherford Creek Power L.P. owns 100% of the Rutherford Creek Facility and its general partner is Rutherford Creek Power Ltd., which is wholly-owned subsidiary of the Corporation.
- (11) Northwest Stave River Hydro Limited Partnership owns 100% of the Northwest Stave Facility and its general partner is Northwest Stave River Hydro Inc., which is wholly-owned subsidiary of the Corporation.
- (12) Tretheway Creek Power Limited Partnership owns 100% of the Tretheway Creek Project and its general partner is Tretheway Creek Power Inc., which is wholly-owned subsidiary of the Corporation.
- (13) Big Silver Creek Power Limited Partnership owns 100% of the Big Silver Creek Project and its general partner is Big Silver Creek Power Inc., which is wholly-owned subsidiary of the Corporation.
- (14) Trent-Severn Power, LP owns 100% of the Batawa Facility and its general partner is Trent-Severn Power Corporation, which is wholly-owned subsidiary of Innergex Inc.
- (15) Stardale Solar LP owns 100% of the Stardale Solar Farm and its general partner is Solaris Energy Partners Inc., which is wholly-owned subsidiary of the Corporation.
- (16) Innergex GM, L.P. owns a 38% undivided co-ownership interest in the Gros-Morne Facilities and its general partner is Innergex GM Inc., a wholly-owned subsidiary of Innergex II Inc.
- (17) Innergex MS, L.P. owns a 38% undivided co-ownership interest in the Montagne Sèche Facility and its general partner is Innergex MS Inc., a wholly-owned subsidiary of Innergex II Inc.
- (18) Innergex CAR, L.P. owns a 38% undivided co-ownership interest in the Carleton Wind Farm and its general partner is Innergex CAR Inc., a wholly-owned subsidiary of Innergex II Inc.
- (19) Kwoiek Creek Resources L.P. owns 100% of the Kwoiek Creek Facility and its general partner is Kwoiek Creek Resources GP Inc., which is 50% owned by Innergex II Inc.
- (20) Glen Miller Power, LP owns a 100% interest in the Glen Miller Facility and its general partner is Glen Miller Power Inc., which is wholly-owned subsidiary of Innergex II Inc.
- (21) Innergex AAV, L.P. owns a 38% undivided co-ownership interest in the L'Anse-à-Valleau Facility and its general partner is Innergex AAV Inc., a wholly-owned subsidiary of Innergex Inc.
- (22) Innergex BDS II LP owns a 38% undivided co-ownership interest in the Baie-des-Sables Facility and its general partner is Innergex BDS Inc., a wholly-owned subsidiary of Innergex Inc.
- (23) Innergex, L.P. owns 100% of the Chaudière Facility, the Portneuf Facilities and the Saint-Paulin Facility and its general partner is Innergex Inc., which is wholly-owned subsidiary of the Corporation.
- (24) Brown Miller Power Limited Partnership owns 100% of the Brown Lake and the Miller Creek Facilities and its general partner is Brown Miller Power GP Inc., which is wholly-owned subsidiary of the Corporation
- (25) Harrison Hydro Limited Partnership owns 100% of the limited partnership units of each of the 6 Harrison Operating Facilities. The general partner of Harrison Hydro Limited Partnership is Harrison Hydro Inc., wholly-owned by Cloudworks Holdings Inc., which is 50% owned by the Corporation.
- (26) The 6 Harrison Operating Facilities consisting of Douglas Creek Project Limited Partnership, Fire Creek Project Limited Partnership, Lamont Creek Project Limited Partnership, Stokke Creek Project Limited Partnership, Tipella Creek Project Limited Partnership and Upper Stave Project Limited Partnership own 100% of their respective projects and their general partner is Harrison Hydro Project Inc., which is wholly-owned subsidiary of Harrison Hydro Limited Partnership.
- (27) The Corporation holds 66.7% of all issued and outstanding common shares of Creek Power Inc. and 19,242,408 Series 1 preferred shares of Creek Power Inc.
- (28) Fitzsimmons Creek Hydro LP owns 100% of the Fitzsimmons Creek Facility and its general partner is Fitzsimmons Creek Investments Ltd., a wholly-owned subsidiary of Innergex II Inc.
- (29) Upper Lillooet River Power Limited Partnership owns 100% of the Upper Lillooet Project and its general partner is Upper Lillooet River Power Inc., which is wholly-owned subsidiary of the Corporation.
- (30) Boulder Creek Power Limited Partnership owns 100% of the Boulder Creek Project and its general partner is Boulder Creek Power Inc., which is wholly-owned subsidiary of the Corporation.

**SCHEDULE B**  
**CHARTER OF THE AUDIT COMMITTEE**

This Charter prescribes the role of the Audit Committee of the Board (the "**Committee**") of Innergex Renewable Energy Inc. (the "**Corporation**"). This Charter is subject to the provisions of the Corporation's Articles and By-Laws and to applicable laws. This Charter is not intended to limit, enlarge or change in any way the responsibilities of the Committee as determined by such Articles and By-Laws and applicable laws.

**1. Role**

In addition to the powers and authorities conferred upon the Directors in the Corporation's Articles and By-Laws and as prescribed by applicable laws, the mandate of the Committee is primary as follows:

- A. *To ensure compliance of the Corporation in respect to applicable governmental and authorities' legislation and regulation pertaining to financial information disclosure;*
- B. *Adequacy of the accounting principles and decisions regarding the presentation of financial statements, in accordance with generally accepted accounting principles;*
- C. *Fair presentation of the Corporation's financial situation in its quarterly and annual financial statements;*
- D. *Timely disclosure of relevant information to shareholders and to the general public; and*
- E. *Implementation of efficient internal controls for all of the Corporation's transactions and review of such controls on a regular basis.*

**2. Composition**

**2.1 Number and criteria**

The Committee must be constituted as required under Regulation 52-110 - *Respecting Audit Committees*, as it may be amended from time to time ("**Regulation 52-110**"). The Committee is comprised only of members who are qualified as independent (as that term is defined in Regulation 52-110) and are financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements).

The Committee shall consist of at least three members.

**2.2 Selection and Chair**

The members of the Committee and its Chair shall be elected by the Board on an annual basis after the shareholders' annual meeting at which the directors are elected, or until their successors are duly appointed. The Chair shall designate from time to time a person who may, but not necessarily, be a member of the Committee to act as secretary. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee Membership.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by electing from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of its powers so long as a quorum remains.

**2.3 Remuneration**

Members of the Committee and its Chair shall receive such remuneration for their services as the Board may determine from time to time.

**2.4 Term Limit**

No person shall serve on the Committee for a period of more than six consecutive years, unless the Board shall, on a particular case, specifically determine to make exception from such limitation.

**3. Meetings**

The Committee shall meet at least four times annually, or more frequently as circumstances require.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of members of the Committee or such greater number as the Committee shall determine by resolution.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Committee. The Chairman of the Board, the President and Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary or the external auditor of the Corporation, shall be entitled to request that any member of the Audit Committee call a meeting.

The Committee shall determine any desired agenda items.

The Committee should record minutes of its meetings and the Chair shall report to the whole Board on a timely basis.

The Chair may ask members of Management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation and others as they consider appropriate.

In order to foster open communication, the Committee or its Chair shall meet at least quarterly with Management and the external auditor, in separate sessions, to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the Corporation's quarterly financial statements.

#### **4. Responsibilities**

Without limiting the generality of its role as described in section 1 above, the Committee shall, inter alia:

##### **4.1 Relationship with external auditor**

- Recommend to the Board the appointment and compensation of the external auditor;
- Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable;
- Oversee the work of the external auditor, including the resolution of any issues between the external auditor and Management;
- Pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Corporation or its subsidiaries by the external auditor;
- Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to assess their independence;
- Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant;
- Periodically consult with the external auditor without Management about significant risks or exposures, internal controls and other steps that Management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper;
- Arrange for the external auditor to be available to the Committee and the Board as needed; and
- Consider the external auditor's judgment about the quality, transparency, appropriateness and not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.

##### **4.2 Financial information and public disclosure**

- Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related to third party transactions;
- Consider any proposed major changes to the Corporation's accounting principles and practices;
- If considered appropriate, establish separate systems of reporting to the Committee by the Management and the external auditor;

- Review and recommend the approval of the annual and quarterly financial statements, related management discussion and analysis, and annual and interim earnings press releases before such information is publicly disclosed;
- Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than those described in the above paragraph, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;
- Review the public disclosure regarding the Committee required by Regulation 52-110;
- Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor;
- Periodically consider the need for an internal audit, if not already provided for;
- Following completion of the annual audit and, if applicable, quarterly reviews, review separately with the Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews; and
- Review with the external auditor and Management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

#### 4.3 Other matters

- Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters, and (ii) the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- Review and approving the Corporation's hiring policies regarding current or former partners or employees of the current and former auditors of the Corporation or its subsidiaries;
- Review activities, organizational structure and qualifications of the Chief Financial Officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board; and
- Review Management's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance and, in particular, assess the Corporation's financial risks and supervise Management's program to address such risks.
- Notwithstanding the foregoing, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Corporation's internal policies, procedures and controls, as these are the responsibility of Management and in certain cases the external auditor, as the case may be.

#### 5. Advisors

The Committee may hire outside advisors at the expense of the Corporation in order to assist the Committee in the performance of its duties and set and pay the compensation for such advisors.

The Committee is authorized to communicate directly with the external (and, if applicable, internal) auditor as it sees fit.

If considered appropriated by it, the Committee is authorized to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and to perform any other activities as the Committee deems necessary or appropriate.

The Board has determined that any committee who wishes to hire a non-management advisor to assist on matters involving the committee members' responsibilities at the expense of the Corporation, should review the request with, and obtain the authorization of, the Chairman of the Board.

**6. Assessment**

On an annual basis the Committee shall follow the process established by it (and approved by the Board) for assessing performance and effectiveness of the Committee.

**7. Charter review**

The Committee should review this Charter on an annual basis and recommend to the Board changes, as considered appropriate from time to time.

**8. General**

The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.

**INNERGEX RENEWABLE ENERGY INC.**

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**INNERGEX**

Renewable Energy.  
Sustainable Development.

