

**Innergex Renewable Energy Inc.**

**Second Quarter 2023 Results**

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## PRESENTATION

### Operator

Good morning, ladies and gentlemen. Thank you for standing by. Welcome to Innergex Renewable Energy's 2023 Second Quarter Results Conference Call and Webcast.

Bienvenue à la conférence téléphonique et la webdiffusion des résultats du deuxième trimestre de l'exercice 2023 d'Innergex Énergie Renouvelable.

At this time all participants on the phone and internet are in a listen-only mode. Following the presentation, we'll conduct a question-and-answer session for analysts and institutional investors and instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press star, followed by zero for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded.

I will now turn the conference over to Karine Vachon, Senior Director of Communications. Please go ahead.

**Karine Vachon** — Senior Director of Communications, Innergex Renewable Energy Inc.

Thank you. Hello, everyone, and thank you for joining us today.

I'd like to specify that this conference will be held in English. Members of the media are invited to ask their questions by phone after this call. A presentation supporting today's discussion is available as we speak on the home page of our website at [www.innergex.com](http://www.innergex.com).

This call contains forward-looking statements within the meaning of applicable securities laws. Although the Corporation believes that the expectations and assumptions on which forward-looking statements are based are reasonable under the current circumstances, listeners are cautioned not to rely on or act on these forward-looking statements as no assurance can be given that it will prove to be correct. Forward-looking information contained herein is made as of the date of this call, 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 law.

During this call, we will refer to financial measures that are not recognized according to International Financial Reporting Standards. Please refer to the non-IFRS measures section of the MD&A for more information.

Our speakers today will be Mr. Michel Letellier, President and Chief Executive Officer, who will present our corporate development and growth opportunities; and Mr. Jean Trudel, Chief Financial Officer, who will discuss the execution of new initiatives and financial overview.

I will now turn the conference over to Mr. Letellier.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Thank you, Karine, and good morning, everybody. Thank you for being with us this morning. I'm pleased to talk to you this morning regarding the achievement we have done in the last quarter.

I think we've done very good advancement in our development activities and construction. But also we have been concentrating our activities also on our funding initiatives. And on that note, we were very pleased to welcome Crédit Agricole in our French portfolio. As you might have seen, Crédit Agricole just bought 30 percent of our platform in France. I think that it's a great opportunity for us to join a great financial institution in France. It also demonstrates the value that our French team has done over the years. As you know, French development takes quite a bit of time. We haven't seen yet many projects coming from our greenfield initiative. But it's just that the fact that it takes five to six years to develop in France is the reason why we haven't yet seen the benefit of the work that our development team has done.

But this transaction is showing that French institutions or European institutions can see through this development period and have crystallized some of the value on that portfolio effort on the development side. So we're pretty happy to have a long-term partner that will help develop the French activities. And we might create some synergy also in the development and with their relationship with local communities, so pretty pleased to have that announcement done. And this is obviously helping our funding activities, and it will help fund and help our growth development. Jean is going to talk about it a little bit more. We have, as you know, other initiatives on the way to create a little bit more liquidity for funding our activities going forward.

On that note, I would switch to Page 5. I'd like to talk to you about our development and construction activities, more specifically on project by project. As you know, we've been working hard in Innalik to make sure that we can put that project in COD. Pleased to know that we have done a lot of testing. We have been successful in raising the headcount on our facility. So now we have the ability to test our turbine final testing with Hydro-Quebec, should occur in September, so that by the end of September, we should be in full COD mode. Pretty impressive work over the years, and I'm proud on that task, on that project because we are, as you might recall, displacing 90 percent of all the diesel that remote community have used over the years and very proud to have our partner the Inuit being a partner in this first hydro facility in the North.

So great effort both on our team and, of course, our local community partner on these activities. Salvador Storage Battery and San Andres in Chile are advancing very well. We are pleased to report that we have already started testing a couple of megawatts in Salvador and this is going to increase by week so that by the end of August, beginning of September, we should be in full COD mode in Salvador and San Andres will be following by the end of November. December, we should also be in operation in San Andres, just in time for summer, I guess, peak production in the solar area of Chile.

As you know, part of the Chilean market is affected by the fact that a lot of solar is produced during the day. So great volatility there. That's why we think that the storage facility will take advantage of this great vitality as we discussed before. So pretty optimistic on the output of this machine. On the long run, there will be also some opportunity to fix these revenue through either PPA or future RFP for storage in Chile. I'll come back to this a little bit later. But for the time being, the short-term volatility of that market will be great for this asset and looking forward to see this in operation very soon.

Very proud also on Boswell Spring, the team has worked very hard to start construction. Pleased to announce that almost 50 percent of the transmission line is done. We have about 20 percent of the foundation of the turbine already (inaudible). So construction is well underway in Boswell and Jean's going to talk about the initiative for funding this great project. But all good, green light on Boswell. We still hope to have this project being in operation by the end of 2024.

Hale Kuawehi finally, we got the PPA price increase approved by the PUC. It's been a while, but this is great news. Fifty six percent price increase is allowing us to start the construction on site. COD date should be Q3, Q4 2024. Mesgi'g Ugu's'n as you know, is the extension of our existing project MU1, together with our 3 Mi'gmaq partner in the initial one. So we have actually, again, a partner to create this opportunity for MU2. Glad to announce that we have completed our PPA. We signed a PPA with Hydro-Quebec, ongoing discussion with a turbine supplier and a construction provider in order to have the project being in COD (phon) in 2026.

Auxy Bois Régnier in France, interesting fact that we managed to actually reprice this PPA by putting it into a new phase of RFP. We increased the price by a little bit over €10 per megawatt. So great initiatives from the part of our development team in France. So this project shows that when you have sometimes PPA priced—in the past PPA prices that were a little bit low, there is, in some markets, the ability to increase that. We've seen that in Hawaii now, in this case, on Bois Régnier. So, team has taken the advantage of these RFP to increase the profitability of that project. Very pleased on that aspect.

If you switch to Page 6, I'm going to talk a little bit about our opportunity to develop in our core markets. I think that you have heard us saying that we have a lot more opportunity in Canada and U.S.,

France and Chile than in the past. Innergex is really focusing on greenfield development. We've been active in the M&A, in the latest past, but we're focusing now on greenfield development. We have tremendous opportunity.

Starting with Canada, as you may recall, we have talked about Quebec. But I think the rest of Canada is waking up. Also a great opportunity, in British Columbia, also going to have a NRFP 2024. We were waiting for this call for a bit. They will also account for future calls. Saskatchewan is active with 2,000 megawatt coal (phon), solar and wind. We have some projects down there to be able to put into the RFP in the next few months. Ontario, as you know, has been active in storage opportunity. I think that they will also be in the near future, looking for more renewable energy, wind and solar.

So we'll get ready down there, too. But the most active opportunity in the short term and midterm is Quebec. Quebec is looking for a lot of new RFP. We have this opportunity coming in September to answer the actual RFP, but more are to come. We're talking about probably 12,000 megawatts of wind in the next 10 years or so. So, great opportunity for us. All the development in Canada will have, in some shape or form, will have to be a partnership between First Nation and community.

Innergex is well positioned. We have been embracing this type of joint venture in the past. We have our culture being developed to fit well into these type of structures. So we think that we have this—well, we are very well positioned to take advantage of the development in Canada. I think this is creating a little bit of a barrier of entry for other players that might not be as comfortable as we are in



that type of a partnership. New Brunswick is a small market, but it's also quite active these days and we're well-positioned in that market as well.

Page 7, United States, as you know, is probably one of the biggest markets in the world aside from China, but we really—don't worry, we're not in China at all. But we have to focus a little bit on some areas. Of course, the market is so huge. It would be very difficult to cover it all. But you're seeing here some areas where we are working hard. We think that we can also expand on the existing footprint that we have. We are as you know, in Ohio, Haida, Wyoming. We're very close also to the Northwest with our facility in British Columbia. So we are working in this area. As you know, we have both solar and wind, very few opportunity for hydro, but working hard in developing wind and solar in this region.

The market in the U.S., as you know, is very active. We have also been able to be very effective in creating structure with the tax equity. So we're very familiar with this facility. Jean is going to talk about what we have done for Boswell. So we're well equipped. And I think that we have support from tax equity and lenders, players in order to support big project in the States. So we don't need that many projects to be put in service in states, projects like Boswell, Palomino. Those are pretty big projects, 300, 200 megawatts. We're working with Wautoma, as an example for 400 megawatts, in the Northwest. So very optimistic on our ability to deliver in the United States. So we're focusing on a few areas of a very promising market where we already have some footprint and people on the ground in these markets.

Page 8, the other market where we are active, I just spoke about France. France, I think, is a market where we can create a little bit—it's a little bit of a niche market in a sense that projects are not big, certainly not as big as in the U.S. or in Canada. But given the complexity of developing in French,

once you have a project that is ready to go into construction, usually you have a little bit better margin than in other areas, just the fact that it's more complicated and the demand for the product is great. So we have this market as a little bit of a niche. I love the fact that we have now Crédit Agricole to support the future development. Like I said, we may be able to develop some synergy with their local branches all over France. So very pleased and positive about the team.

Congrats to the team in France. They worked really hard in the last few months to deliver this transaction, and they are looking forward to work in developing more projects in France, both in solar and wind. Chile, as you know, is not, again, a big market, but it's a market where we, I think, have mastered the recipe to have success in Chile. As you know, we want to have a diversified portfolio with many points of delivery through the market. That's what we have. As you know, we have hydro with storage, we have wind, we have solar and now we will have some batteries. So we're very well equipped to service this market. I don't think this market will expand that much in our portfolio. But I think we can create a great opportunity for us to be a strong player in Chile and a profitable player in Chile.

If we go into the other slide, we're showing a little bit our diversification target in revenue. I think that we just spoke about our core market, Chile, French, U.S. and Canada. As you see right now, Chile is representing roughly 12 percent. We don't think we would expand a lot more. As we were mentioning, Chile has some great opportunity, but it's a fairly small market. So as U.S.A. and Canada grow, they will pick up a little bit more space in our portfolio.

France, we love the market, as I mentioned. But again, those are fairly small projects, profitable project, but small. So it'd be hard to see France being much bigger than 10 percent, 15 percent of our portfolio.

U.S.A. is a strong, strong market. I think we can grow pretty fast also there. But we want to make sure that when we grow in the U.S.A., it will be profitable. So we think that the U.S.A. should represent something around 30 percent of our portfolio.

And I think that in Canada, Innergex as a Canadian company, as a culture also to be the partner of choice of First Nations and community. I think this is where we have the strongest competitive advantage. So we think that the Canada will remain in at least 50 percent of our portfolio going forward.

In terms of contracted facility, I think that the long-term contract has been what we are looking for in our history. We still want to have long-term contracts. But today's opportunities sometimes create a lot of great financial opportunity to take advantage sometimes of shortage of energy in some parts of the world. So we remain, I would say, opportunistic in our view of sometimes staying a merchant (phon). Sometimes it's just a transitory phase where we would be waiting to have the great opportunity to sign longer-term PPA.

Chile is a good example. I think that we have been patient with our commitment to have a longer PPA. We have been taking advantage of a great opportunity there. You know that in France, we took also the opportunity to stay floating on a couple of our projects. So I think we just want to be opportunistic there. But when we have the chance to secure long-term PPA, that's what we like to do. You know that we are also matching project finance with that type of long-term PPA. Jean is going to

also expand on that fact. We have opportunity, as you know, to refinance some of the hydro facilities where we have actually recontracted those facilities after 20 years PPA has expired.

In conclusion, I think that our sector, as you all know, is booming. I think that this morning, we had the news that July 2023 was the hottest July ever. They say that it's never been hot like that in July for 120,000 years. This doesn't bode very well for the future. I think that you have experience in some shape or form, extreme weather patterns, really warm extreme heat in some places. The Southwest of the United States is under a heat wave right now. Texas is running at 105 degrees. So I think that the world is waking up and seeing that we have to do something about cleaning up and reduce the CO2 emissions. And we think that in all our markets, we have a great opportunity to take advantage of that.

So Innergex is going to focus on greenfield development opportunities. We have feet on the ground, I'm sorry, in many of our markets, our teams are experienced. We have some great opportunity to secure the RFP. We are going to focus on putting and enhancing our greenfield development portfolio in order to be in a great position to secure future long-term PPA in those RFPs.

So on that, I would give the floor to Jean, and we'll be able for answering questions afterward.

Thank you.

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

All right. Thank you, Michel, and good morning, everyone.

So on Slide 11, I'd like to talk about a little bit the financial performance. So the Corporation actually posted strong growth for the three months ended June 30, 2023, compared to the same period

last year. Production was up 3 percent at 2,900 gigawatt hour. Revenues in production tax credits were up 13 percent at \$269 million compared with the same period last year. This increase is mainly explained by the contribution of the acquisitions of Aela and the Sault Ste, Marie solar facilities in Ontario, higher generation at the Curtis Palmer hydro facilities in the U.S. and higher net selling prices from the Chilean facility, and also higher production and revenues from the French wind facilities due to the new PPAs at higher selling prices that are in place at some of our facilities in France, and also higher production at the hydro facilities in British Columbia. These items were partly offset by lower production and selling prices at the Griffin Trail wind facility in the U.S., lower production from the wind facilities in Quebec and lower net selling prices at the CB solar facility in the U.S.

For the three-month period, operating, general, administrative and prospective project expenses were up 19 percent at \$79 million compared with the same period last year. The increase is attributable to higher maintenance expenses at several of our facilities in Quebec, the acquisition of Aela and the impact of the 2022 supplementary Budget Act in France, which measure should end actually in December 2023. And these items were partly offset by lower maintenance costs at some of our BC facilities and lower operating expenses at the Chilean solar facilities.

As a result, Adjusted EBITDA for the quarter reached \$187 million, which represents a 17 percent increase compared to the same period last year. Revenues and production tax credits proportionate were up 13 percent at \$85 million and Adjusted EBITDA proportionate reached \$199 million, which represents an 18 percent increase compared to the same period last year. The Corporation recorded net earnings of \$25 million for the three months ended June 30, and compared with a net loss of \$24 million for the same period last year.

On the next slide, for the trailing 12 months, the Corporation generated free cash flow of \$115 million compared with \$174 million for the corresponding period last year. This decrease was primarily explained by a decrease in cash flows from operating activities marked by exceptionally low water flows in BC, as we discussed before in Q4 2022 and Q1 2023, which overshadowed really the contributions from our recent acquisitions.

It was also explained by an increase in interest paid mainly stemming from additional indebtedness to finance acquisitions or with the loans coming with acquisitions, like Sault Ste. Marie, for example, and also dependent on the construction activities, but also the timing of semiannual payments on the Chilean green bonds, and also a slight increase in maintenance capital expenditures. These items were partly offset by the increase in merchant pricing at certain U.S. and Chilean facilities, a decrease in free cash flow attributed to noncontrolling interest of the BC Hydro facilities. The decrease of \$58 million in free cash flows resulted in a payout ratio of 127 percent for the trailing 12 months compared with 82 percent for the same period last year.

I think it's important to normalize these figures. So what we are providing you with information is the normalized long-term average, excluding our operations in Chile because they react differently, the pricing will compensate the lower LTA lower production. So we normalized LTE for all our facilities, assuming 100 percent of LTA, except for Chile. And so if we had met this for Q2 only, revenues and production tax credits and Adjusted EBITDA proportionate would have reached \$289 million and \$210 million, respectively, in the second quarter. So there's a variation of \$20 million. And on a trailing 12-month basis, again, excluding the Chilean operations, when we adjust the four previous quarters, normalized for 100 percent LTA, the resulting payout ratio would have been in the range from 75

percent to 80 percent. This is really a figure that's important because it really represents our earnings power and capacity to generate free cash flow, had we been in a normal weather environment.

So next slide, talking about the funding initiatives. Just taking a few minutes to talk about it. Firstly, I guess, on July 14, we announced the construction, financial close of our Boswell Springs wind project. We're very pleased with the terms of this financing. It demonstrates really the strong market confidence in Innergex's technical and financial abilities to develop this high-quality and well-structured asset, which will generate attractive cash flows once in COD. Out of this financing, we used \$136 million to actually reduce the corporate revolving facility at closing. And the next step is to obtain the commitment from the tax equity investors, and this is a process that's very well advanced and expected to close during Q3 2023.

Second initiative. On August 7, as Michel mentioned, we are very proud to announce the signature of the agreement for the long-term partnership with Crédit Agricole Assurance for the minority interest in the French portfolio, which represented proceeds of \$188 million.

And as Michel mentioned, this is a very good demonstration of the confidence of this strong French partner in our ability and in our French team's ability to create value in this market. So the proceeds will be used at closing immediately to reduce Innergex corporate facility, corporate revolving facility and then, of course, use to fund our growth activities going forward. The long-term co-investment agreement will also support Innergex's development and growth strategy in France by providing additional equity commitments from CAA for the development and financing of ongoing projects at various stages of development in France. The transaction is expected to close in the second

half of 2023. We have to meet the antitrust threshold, and that should be done in the last half of the year.

And finally, we presently own and operate many facilities, which are unlevered, as you know. We're presently advancing in the non-recourse project financing of three hydro assets in Canada, and this is expected to close in a few months. Our intention is to project finance three additional facilities as part of the future initiative this year. And these initiatives are specifically there to protect our investment-grade rating for the coming years by decreasing the corporate leverage in the future. So the target proceeds for the first three hydro assets to be financed will amount to about \$170 million and approximately \$80 million for the second group of facilities next year. This will help us to surpass our \$400 million funding target when we combine this initiative with the French sell-down.

Now about our capital allocation strategy. Next slide. So given the diverse sources of capital available to us at the corporate and asset level, we are well-positioned to execute our funding plan for organic growth during the next three years. So following the execution of the initiatives that we mentioned earlier, Innergex's available funds will reach a bit over \$0.5 billion to support our capital requirement.

The cash flows from operations, access to non-recourse project financing at the asset level and tax equity partners when we develop or build assets in the U.S. and also the available funds under the revolver that are expected to reach, as I said, \$0.5 billion with the initiatives that I mentioned before will actually be sufficient, I should say, to fund actually the CAPEX for 800 megawatts of existing projects



under construction, projects under development and also our prospective project, 160 megawatts of prospective projects.

This will also finance, of course, the annual prospective investments to develop new prospective projects for about \$35 million to \$40 million per year. We will also finance the annual scheduled principal and interest debt payments that we have and of course, the annual dividend of \$0.72 per share to shareholders annually.

Overall, our funding sources are already identified for the next three years. The execution of the initiatives intends to strengthen, of course, our balance sheet and our financial foundation, and we expect to fund profitable sustained growth while maintaining our commitment to an investment-grade rating.

So I will now turn back the floor to Michel for the closing remarks. Thank you.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Well, thank you, Jean. And I think that we have stuff that we can control. And unfortunately, it's difficult to control the weather patterns. But we can certainly have strategy also to diversify our portfolio in order to mitigate any weather patterns that would be coming in the future. I think that we will be focusing on stuff like I said, that we can deliver, certainly completing the financing of the three Hydro assets and also the fourth initiative will create liquidity for us to continue developing our facility. Working on the construction and delivering on COD dates on budget. Project is something that we have to deliver on and working really hard on it.

We are working towards the COD of Innavik, Salvador and San Andre's battery project in Chile, advancing Boswell Springs and Hale Kuawehi so that we can meet our COD date in 2024, are top priorities for us. And of course, our development teams are focusing on developing our development portfolio. Being in position to answer RFP, like I said, is top priority as well. We have great opportunities in all the four markets. A special focus will be done in Quebec and in Canada where we think we have also a great advantage in terms of our ability to partner with the local community and First Nation.

So stay tuned for the results of future RFP. Our team will be dedicated to make sure that we have product to submit into these RFPs. I think also that given the great opportunity that we have you're seeing a lot more RFPs, a lot more demand for our product. So I think that our industry had a little bit of a struggle in the last few years to create and keep margin. I think that going forward, our industry and Innergex has more bargaining power in the sense that we have more opportunity. I think that we can create a little bit more margin in order to keep up with the capital cost increase that we've seen in the sense that interest rate has gone up.

So, theoretically, our induced (phon) return on equity has to go up as well. We are fairly, like I said, in a better position, I think, given the fact that we have a lot of opportunities. Of course, there is competition in our world, but the opportunity is a lot more than before. So I think that our price bargaining power has increased a little bit. And hence, we are expecting to have a little bit more margin in our project.

So on this, I would open up the question period.

## Q & A

## Operator

Thank you. (Operator Instructions)

Your first question comes from Nicholas Boychuk from Cormark Securities. Please go ahead.

### **Nicholas Boychuk** — Analyst, Cormark Securities

Thanks, good morning. The Crédit Agricole partnership publicly stated that they're reaching or trying to reach a goal of 14 gigawatts of renewable capacity over the near-term, and you mentioned some of the potential local market synergies. Can you guys expand on what those opportunities might look like, particularly as it relates to project growth or financing and whether or not that could extend beyond the French borders?

### **Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Well, for the time being, we are focusing on the French market. As you might recall, the French system is providing twice a year the opportunity to submit project in RFPs. So I think that alone, this is creating a lot of opportunity. I would say the limit of this growth is our capacity to a generate project takes quite a bit of time to basically get the permits. When we advance projects, we tend to have to invest a little bit upfront to make sure that we have the social license acceptability in order to answer the calls.

So the only limit is our ability to develop projects in France. The market will take almost all the projects that the system can deliver. Permitting process in French has its limit. In the last few years, just over 1,000 megawatts of solar and wind projects have been permitted per year. So they need almost

twice as much. So the limit is definitely not the market. It's the ability to produce projects and hence, our ability to create a little bit more value. I mentioned some synergy because Crédit Agricole has a lot of local banks. It's not necessarily banks, but they're present all over France.

So there may be some possibility, just a little bit like Quebec or Canada, to eventually have a local community having a small portion ownership of this project. And maybe Crédit Agricole can help us evolving (phon) in this market. That might help the social license acceptability of some of the project as well. going forward. Going out of the border of France is not necessarily a priority. We may eventually in the future, look around Europe, but for the time being, we're focusing on France.

**Nicholas Boychuk** — Analyst, Cormark Securities

Okay. That's great. Thanks, Michel. And then in Canada, can you just expand a little bit more on the opportunities that you're seeing by province and what the return profile might look like as you go between each like if you're thinking from a capital allocation perspective, how would you rank them based off an attractiveness for dollars deployed?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Quebec first, to top, top, top first. Quebec cannot develop enough. Like I said, 12,000 megawatts of wind in the next 10 years is going to test the limit on our ability as an industry to build out that much wind facility. Remember that we talked about 20 years to build out the existing portfolio of Quebec 4,000 megawatts. Now we want to have four—not four but three times as much in half the time. So I think that we'll have a lot of opportunity to deploy capital in Quebec.

After that, I think that Saskatchewan is not a big market, but it's a repeating market. And BC will certainly be a great market for us as well. But Ontario right now is talking about developing nuclear for the future, but I think that they'll have to make room for renewable energy, and they'll have to invest also on the grids to have the ability to have wind being interconnected in the north.

But for the time being, Quebec is the prime target for us, focusing. Saskatchewan is acting, like I said. So we're there. And we're still in BC. As you know, we have a strong office in Vancouver, and we have a great relationship with First Nation also in BC. So those are the main targets in Canada for the time being.

**Nicholas Boychuk** — Analyst, Cormark Securities

Excellent. Thank you very much, guys.

**Operator**

Your next question comes from David Quezada from Raymond James. Please go ahead.

**David Quezada** — Analyst, Raymond James

Thanks. Good morning, everyone. Maybe just the first question on how discussions are going with off-takers at Palomino. It sounds like the pricing environment is still pretty supportive. Just curious what you're expecting in terms of timing.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Well, as you know, PJM is challenged; is interconnecting project. I think the demand is really strong. We still have some very good ongoing discussion with a potential off-taker in Ohio. We don't want to be too optimistic, but we are in the final stage of being put into the fast lane for interconnection. As you have maybe read, we have all the permits for our project in Palomino. So I think this is helping also. We have answered a lot of question from the grid operator in order to rank the priority of projects. So we have demonstrated that the project is ready to go. We just need a day to interconnect. Slightly more positive in potentially seeing that project being in service late '25 or early '26. That's the only thing we're waiting is to give us a date, and we'll be there.

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

And then we would finalize the offtake agreement. The demand is still very strong.

**David Quezada** — Analyst, Raymond James

Okay. Excellent. Thanks a lot. Thanks for detail. And then maybe just—I appreciate that you've got some great opportunities in Quebec and Saskatchewan. I'm just curious in BC, as you prepare for that RFP, is there any colour you can provide on the development stage assets that you have that you've kept warm there? And do you anticipate the call will be primarily wind and solar? Or could it include hydro as well?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

It would be very surprising that it's not excluding, but the last pricing (audio interference) BC Hydro has given, as you know, we have renegotiated Rutherford, Miller and Brown. They're looking to

have production during winter months and the falls. They don't need the electricity during the spring (inaudible). They have a lot of that product already with their own installation and the existing small hydro fleet. Down the road, it's not impossible. They're even talking about potential pump storage. We have a couple of pump storage projects in the early stage and we certainly can answer RFP on that aspect as well. But it will be mainly wind, maybe some solar, but I think that wind will be the big winner for the next RFP in BC.

In terms of the project that we have there, we have some projects in the Northeast. We have some also in the Northwest. I think we're very well positioned. I don't like to talk too much about where we are positioned when there's going to be an RFP. But I think that we have assets down there that will be competitive in the future RFP. And like I said, we're very willing and I think we have been a good partner with First Nations in that province as well. And I think we'll be able to take advantage of the experience that we have. Remember that we have more than 21 hydro facilities operating in BC with different shape of agreement with First Nations. So we have developed a very good long-term relationship with many First Nations in BC as well.

**David Quezada** — Analyst, Raymond James

Okay. Excellent, thanks for that, Michel. I will turn it over.

**Operator**

Your next question comes from Rupert Merer from National Bank. Please go ahead.

**Rupert Merer** — Analyst, National Bank

Hi, good morning.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Good morning.

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

Good morning, Rupert.

**Rupert Merer** — Analyst, National Bank

So we're hearing more this morning about supply chain issues in the wind industry. Wondering if you could remind us on what your strategy is for Boswell, whose turbines are you using it? And do you have confidence that supply chain will be there to meet your schedule?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Yes. We have secured the GE turbine last year, paid the limited notice in advance. And that's why also we had recuperated quite a bit of money when we did the financing. The turbines are scheduled to be delivered. We are actually negotiating with GE to have a little bit of advanced delivery. We're making room on the facility to store some components so that come spring next year, they will be already delivered on-site. So no worries on that aspect unless something really strange happens, everything is well organized and scheduled and we had to commit money last year in order to do this and also early this year in order to secure this delivery, but we have done that.

**Rupert Merer** — Analyst, National Bank



All right. Great. And in your disclosures, you talked about higher maintenance costs at several Quebec wind facilities and at Ford. Can you talk about what happened there? And are those costs done now? And what are the chances of seeing reoccurrence?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

In Quebec, it was just like, I would say, a little bit of a bad timing. There's not any basic or fundamental problem with what we have experienced. Sometimes it just happened that you have a little bit more CAPEX to do in the quarter. We don't see any pattern in Quebec. The problem that we had with Ford was related to – I would be careful there – but it was a serial defect with some bearings that GE had experienced in quite a bit of our turbine. They have deployed to their credit, a very strong team in order to replace them. It's done now. So on that aspect, we have gone through. Some of the same bearing were delivered also in Griffin Trail, but the same repair has been ongoing. Almost everything is done now as well. So hopefully, we won't have any other, I would say, major component to fix, but that problem is behind us now, Rupert.

**Rupert Merer** — Analyst, National Bank

Okay. Thank you. And then was that largely covered by (audio interference) at your cost?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

We did the repair at their cost. The problem is that we had reached the availability guaranteed. So we lost revenue last year based on that. But the repair was mainly covered by their O&M guarantee service.

**Rupert Merer** — Analyst, National Bank

Okay. Thanks very much. I will leave it there.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Thank you.

**Operator**

Your next question comes from Nelson Ng from RBC. Please go ahead.

**Nelson Ng** — Analyst, RBC

Great. Thanks, and good morning, everyone. My first question, I know it was only out yesterday, but I guess any initial thoughts on the Power Canada forward vision document that the federal government released last night? I know it sounds like Alberta wasn't too happy with the document in terms of potential strings attached to tax credits, but I was wondering if you have any initial thoughts.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

I think it's just the right thing to do. If you want the money, well, act for it. For me, I don't think that—as you know, Alberta is not a market that we're interested in. We are focusing on Quebec, Ontario and BC and New Brunswick as well and Saskatchewan. So I think if you're to provide that much money and support, and I think that Alberta and West Prairies are receiving quite a bit of commitment for CO2 capture.

So I'm not a politician, I certainly don't want to do politician. But usually, when you support an industry, you are hoping that this industry is reacting and acting on good faith to reduce their CO2 emission. That's what the funding is for. So I think that it's just the right thing to do. And I think that in the market where we are actually active, we'll benefit from these federal initiatives.

**Nelson Ng** — Analyst, RBC

Okay. Thanks for your thoughts. And then the next question is probably for Jean. In terms of raising debt on the three hydro assets, I presume it will be like long-term fixed-rate advertising debt. Given where interest rates are in terms of how high they are, is there any way to structure the debt or leave some of the debt floating to benefit from long-term rates when they eventually come down or is it your strategy to just fix the rate today?

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

Yes. So it will be fixed rate. So we've structured it as a typical project finance with 20 years or more. It's on three hydro assets. So we tried to obviously maximize or optimize the rate by decreasing the spread over the Canadian bond, which is elevated, but not that high, if you think about the last 10 or 15 years. I mean we've lived into an era where bond yield was so low that makes us think that this rate is not as attractive. But the intent is to fix. We've hedged a portion of our exposure until closing for that. And what we structured in the deal is an interest-only period. So we'll start amortization of the loan after, if I'm not mistaken, for six years, 5.5 years, I think, actually.

So that's how we will play it out. So the idea to have two stages also that enables us to do one initiative with one lender only. And then the second initiative will be done next year and also in a group of hydro assets, again.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Yes. I think that like you're saying, Jean, this two-phase might give us the opportunity to take advantage of potentially long-term bond decreasing. But like you're saying, long-term bonds, 10 years to 20 years are in the range bound of 340, 350. It's more expensive, obviously, than the last four, five years, but I come from a time, my age is showing where bonds were trading at 10 percent. So it is expensive, but I think it's still competitive, cost of financing, certainly comparing to stock or equity. So I think that we're taking advantage of the market, and we think that we can redeploy that money at a much higher rate.

**Nelson Ng** — Analyst, RBC

Okay. That's great. So just to clarify, when you raise this debt and get roughly \$170 million of proceeds, you're pulling these assets from the credit facility that it supports? So does the size of the credit facility have to come down or?

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

No. Actually, right now, we have \$950 million of facility so it's supported by the assets that are unlevered, but also by all the excess cash flow from all of the other assets. So it's sufficient right now to support the \$950 million and more. So even by doing this, we will delever the corporate facility, but we'll

keep the same access to the \$950 million anyway. We're actually right now amending also that facility in view of that hydro refinancing. And right now, I don't see any reason why we would lower the availability under the RCF. And it's the same thing when the second phase of that financing will happen, we'll still keep the same availability under the RCF anyway.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Yes. So Nelson, at the end of the day, when those initiatives will have been completed, we'll have well above \$500 million availability on that line of credit. So hence, a lot more flexibility in terms of using this as a funding base for our developing activities. Yes.

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

And as we put into the assets that are under construction, under PUD, obviously, it helps to grow the cash flows that are supporting the \$950 million RCF and eventually more obviously, in time. But the idea is always to keep a level of corporate debt that will satisfy our Fitch rating to remain investment grade. So we keep these measures always in check just to make sure that the ratios are okay for that purpose.

**Nelson Ng** — Analyst, RBC

Okay, thanks. And then a quick one on prospective project costs. I think you gave some guidance that you're looking to spend about \$35 million to \$40 million per year. I think the trailing 12 months was about \$26 million on prospective projects. So do you expect to quickly—obviously, you have a lot on

your plate right now. So is that \$35 million to \$40 million more like something you would look to spend next year and this (multiple speakers)

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

Yes. I gave the number. Yes, the \$35 million to \$40 million is over the next—it's per year, but increasing over the next three years. Obviously, we're beefing up the teams. As an example, the CAA deal with the French team allows us to beef up the team still spend the same amount of money from our perspective, but obviously, have more people on the ground to do more, to achieve more on the French market. We're building up also—and you heard Michel. I mean we're extremely busy in Canada. So we're like beefing up our teams on the ground for that in many provinces and in the United States as well.

So the idea is this is the sum—this prospective investment is the sum of our internal salary costs, I guess, G&A cost, but also external costs. So it comes also sometimes with, for example, in the United States, you need to put deposits for interconnection or deposits for PPAs so it accounts for that as well, right? So sometimes there are sums that are important for some of our development assets. So it supports that the \$35 million to \$40 million if necessary.

**Nelson Ng** — Analyst, RBC

Okay. And then I'll just try to squeeze one last quick one. The ERP implementation, I think you started earlier this year, when will that be done?

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

So we expect to turn the switch on, if I may say it that way, to—we would close the third quarter in our present solution and closed the year-end in the new solution. So turning the switch on somewhere in October. We're phasing it in, though, where we have all the North American aspects, and then we'll turn to France and Chile, essentially like to implement the ERP in these two other markets in 2024. So most of the cost is spent this year and next. Yes.

**Nelson Ng** — Analyst, RBC

Okay. I will leave it there. Thank you.

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

Thank you.

**Operator**

Your next question comes from Ben Pham from BMO. Please go ahead.

**Ben Pham** — Analyst, BMO

Hi, thanks. Good morning. Just want to start off with the funding. So you basically—you plan now to raise \$400 million, half of it is pretty much done for 800 megawatts. But I'm assuming that there's going to be more megawatts that you're adding, Palomino, maybe more projects. But anything beyond 800 megawatts you need to source additional equity funding.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

For the time being, Ben, what we have and what we have as the advanced development and construction, we don't need equity. Of course, I mean if we're very successful in the development of future projects, we may reconsider what we will be doing in terms of funding. Welcoming partners in some of our facilities might also be considered. You heard me in the past being reluctant to recycle capital. But strategic recycling capital can be also seen as a way to fund future projects.

But definitely, I think that our strategy of being more aggressive in M&A, we've done what we had to do, and now we're concentrating in developing projects. And if there's a need for more equity because we have been so successful in securing projects that I think will be a good problem to face. And like I said, I think that we can also think about partnering or selling a portion of projects that would have been put in COD or in advanced development stage. We will be very careful though, in dealing with a project where we have First Nations and community partnership. We always said that we are committed to be partnered with them on a long-term basis. So those type of projects will not be a prime target to recycle capital.

**Ben Pham** — Analyst, BMO

And are you proactively targeting that 2025 guidance still or M&A was a big chunk of that? Now that you are slowing that down, are you looking at deploying?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

I agree with you, Ben. We will be coming back to you somewhere late fall to give you a little bit more guidance on that aspect. But of course, if we are not making the M&A that we were supposed to do, that will have some consequences on the short-term reach of that target of about \$1 per share. But



we will get back to you later this fall on a specific call for talking about what you are taking about a longer forecast.

**Ben Pham** — Analyst, BMO

Okay. All right guys. Thank you.

**Operator**

Your next question comes from Sean Steuart from TD Securities. Please go ahead.

**Sean Steuart** — Analyst, TD Securities

Thank you. Good morning. A couple of questions. Just following up on the sale of the minority stake in France. The implied multiple is well above where you bought out Desjardin. And I know they weren't exposed to the development pipeline, but is there any additional context on the valuation where you were able to secure on the sell-down and that difference between when you bought out Desjardin?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

I think that it's obvious that the French and European investors are putting more value on the platform. Desjardin was not part of the platform. So, I guess it's not fair to say that we doubled the price. It's not the same product. We sold a participation in the platform and we sold the long-term ability of the platform to develop a project. So, I would say that it's difficult to be in the position of

Crédit Agricole to give you exactly what they priced in terms of portfolio versus the platform. But I think that the platform was valued at least €35 million to €40 million.

So, I think that this is a good proxy on what type of value that the French team has created in the last five years. And that's why I wouldn't say that we were frustrated because we cannot be frustrated with valuation in the industry. But I think that the value of that platform was a little bit hidden in the fact that it takes five to six years, like I have said, to bring a project from the greenfield side up to be ready to put into COD or even to put into RFPs.

So, that was also part of the strategy is to welcome a very respected financial institution, but also to crystallize a little bit and to put a light on our ability to create value in terms of greenfield initiative.

**Sean Stuart** — Analyst, TD Securities

Okay. Thank you for that. Second question, I don't know if it's possible to give any broad thoughts on second-half hydrology in BC. I know we entered this summer with no snow pack to speak of. Any broad context on how production for the region is shaping up?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

As you know, it's difficult to forecast the future. But you are right, that July and August, I think that there is no secret, BC is pretty dry. But it's not extreme as what we have seen in the last quarter and in the first quarter. So, in the quarter it's still early. I mean we can recover in BC. As you know, it can be fast. If it starts raining earlier in September, we might catch up quite a bit on that quarter.

What we have seen in Chile, and I know that those are not necessarily related, but you must have heard, and I guess it's all over the news that the El Nino phenomenon is going to be affecting the planet this year, especially the West Pacific. We are seeing a lot more rain in Chile this winter. I am not a scientific person per se, but it seems that the pattern that we have seen in Chile being very dry has now stopped and we are seeing a normal, if not a wet winter in Chile. So, I don't know if El Nino will have the same impact for early—late summer or early fall for BC. But I must say that we are overdue to receive some rain in BC for sure. But it's not as extreme than what we have experienced in the first quarter. Not good, but not as bad.

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

And maybe if I may, particular to BC. Because so far, about the month of July for Québec, Ontario, the States, Chile, in terms of hydrology, we're actually doing very well. But yes, BC is still dry, as Michel mentioned.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

But working always on diversifying the portfolio is the key. And I am a little bit surprised that our portfolio has not produced some better results. But I am very confident that our strategy is the good one. We have technology diversification and location diversification that should equal in the future. And we are striving to make sure that we are diversifying our activities in terms of development. We are focusing on diversifying locally and in terms of technology as well.

So, our strategy to answer potentially climate effect is to be more diversified and be careful also and conservative in establishing the long-term forecast in our new projects, of course.

**Sean Steuart** — Analyst, TD Securities

Thank you very much.

**Operator**

Your next question comes from Mark Jarvi from CIBC Capital Markets. Please go ahead.

**Mark Jarvi** — Analyst, CIBC Capital Markets

Thanks. Good morning everyone. Just coming back to the transaction in France announced earlier this week. Can you just clarify, in terms of the capital or the proceeds from Crédit Agricole, does that create like a reserve for funding of future growth, or is that just for the operating assets and they will participate pro rata with Innergex on any future, I guess, development dollars needed?

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

Yes. So, all the proceeds from the sale will be applied in the reduction of our facility, and they will, on a pro-rata basis, co-invest in the prospective development. Actually, we will increase—we will keep our same implication, I guess budget-wise, in terms of investment and prospective in France, and they will jump in for a third or 30 percent. And any CAPEX, future needs for the funding of our activities in France will be shared at 70-30. And they have committed additional capital throughout the deal to do that actually. So, it's going to be over and above. Mark, does that answer your question or?

**Mark Jarvi** — Analyst, CIBC Capital Markets

Just on that last point, when you said over and above, can you clarify what that means?

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

Well, I mean over and above the proceeds we received. So, we are receiving the (multiple speakers) to us. And then whatever is required in France will be shared 20-30.

**Mark Jarvi** — Analyst, CIBC Capital Markets

Got it. Yes. And then given the more bullish outlook in Canada, obviously, you identified a bunch of growth opportunities in the U.S. market, and you said France could never be that big a component. The valuation was quite attractive as we talked about on the call already. So, was there ever a consideration just to sell outright your whole stake in France and just refocus in terms of all the opportunities in North America and Chile?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

No, I think that both Chile and France are definitely smaller markets. But are our niche markets in the sense that we think we can create value there. And also, it's part of the diversification as well, right. We like to be exposed to different locations, different technology. I think the solution is to be widespread in terms of diversification going forward. So, France is still a big part of our commitment to develop a project. I think that this is providing to some degree, a little bit more autonomy in France so that we will have Board of Directors composing of the Director from Innergex and Crédit Agricole.

So, we are going to operate France a little bit more as I wouldn't say as an independent because France is benefiting from the bigger team of Innergex. But a little bit more autonomy in terms of their operation and development will be given to the French team. Same will eventually be done in terms of

having the Chilean market being a little bit like a profit centre, so that our team in North America will be more focused in developing in Canada and the States. While these two markets will become a little bit more independent in their ability to develop themselves.

**Mark Jarvi** — Analyst, CIBC Capital Markets

Okay. And I just wanted to come back to Slide 9, where you guys talked a bit about some target revenue mixes in terms of regions and (multiple speakers) contracted. Those have evolved since the last update last fall, a little less U.S., a bit more merchant. I would have thought if you went more—I guess U.S. went down, maybe your merchant exposure to go down. Just what's changed in terms of I guess target mixes both on the merchant and contracted and the geographic mix?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

I wouldn't take the merchant as being bigger. It's range, right. And that can vary from quarter-to-quarter, obviously, depending on the price. We just want to be a little bit more flexible and opportunistic in terms of merchant. I wouldn't read anything going into these numbers in saying that Innergex wants more exposure to merchant. We have the ability, and we have in the past, taken advantage of signing long-term PPA. I don't think that the merchant will ever be much higher than 10 percent-ish. You are right—and I wouldn't say that the U.S. would represent a smaller portion. It's just that we think Canada right now is hot. And the U.S.—it's just that it can be lumpy, too, right. Quarter-from-quarter, if we are lucky in the U.S. and then you develop a 400-megawatt, that makes a big step.

So, these are very loose targets. I think that they were meant also to say that Chilean will never be 30 percent, 40 percent of our portfolio. As Canada and U.S. are growing and are a lot faster (inaudible) and greater opportunity, we will take bigger chunk.

**Mark Jarvi** — Analyst, CIBC Capital Markets

Okay. All right. Thanks Jean. Thanks Michel.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Thank you.

**Operator**

Your next question comes from Naji Baydoun from IA Capital Markets. Please go ahead.

**Naji Baydoun** — Analyst, IA Capital Markets

Hi. Good morning. I just want to address the capital recycling topic again. I mean a significant transaction in France. You are making good progress on your large growth projects. But yet, it doesn't seem to be a big market reaction to this positive news. I guess how much of this do you attribute to maybe volatile results in the past couple of quarters? And do you think there is anything else that can or should be done going forward?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

I agree. And looking at the market, this market is not positive, but that I cannot do much, right. I mean what we can do is to provide to the market the guidance where we want to focus. I think that it's clear that we want to focus on providing more developing opportunity for Innergex greenfield opportunity. We have the team on the ground. I think the market may wait until we are winning projects. I think that we have addressed the liquidity issue and funding issues. I am not concerned at all on our need to go and issue stock in the near future. So, hopefully, that will answer some of the concerns of the investor.

And also, the other thing is that we have to deliver on our project on time and budget. We are working on this. And the third bullet is to provide more result in winning RFP, working hard on it. And we have a lot of opportunity. We are creating a lot of—as you have seen, our development pipeline, both in early stage and advanced stages growing, and we intend to keep growing that portfolio of opportunity. That's what I can control, and we are working on it.

**Naji Baydoun** — Analyst, IA Capital Markets

And just on the topic of growth, I mean more focus in Canada. I am just wondering if it's fair to say that there is a bit of a shift back to (audio interference) markets. How do you compare Canada versus U.S. risk and return in between the different (inaudible)?

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Sometimes, I guess that U.S. is perceived to be more competitive, but we have shown with Boswell that we can do good returns, right. We are doing double-digit, mid-double digit returns on Boswell. I think that we can provide good return in the U.S. I think that our team, we are not shy, and I



don't think we should be in terms of our ability to create value in the United States. But of course, Canada is our home market. We have grown in Canada, we are a Canadian company. And like I said, we have developed this culture of developing hand-to-hand, shoulder-to-shoulder with community. I think that the First Nation has appreciated and something that is interesting is to see the Mi'gmaq community after five years, six years of developing the project and operating MU1 has joined us to expand in MU2.

So, I think that this shows that we can develop partnership and long-term good relationship with the community. And I think this is a competitive advantage that we have in Canada to develop projects. Will Canada be more profitable than the U.S., difficult to say, but I think that in both markets, our intention is to create accretive investment. Like I have said, we have, and I am proud to see that we have been able to create quite a bit of accretion with Boswell. And our strategy is to develop those projects. And like I have said, our industry has been squeezed maybe in their margin in the last few years for all kinds of reasons. I think that hopefully, the industry is smartening up and the opportunity that lies ahead of us is providing the opportunity to have better margin, I think. We are certainly going to bid in projects where we are going to see some profitability.

**Naji Baydoun** — Analyst, IA Capital Markets

Just a final question for me on Chile. There's pretty large upcoming tenders here with it seems like favourable contract terms. I am assuming you are going to participate in the upcoming auction this year. And any comments on competition? I know the past pricing (phon) has been a bit difficult to chase, but thoughts on sort of the upcoming Chile tenders and how you can play in that market.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Well, I think that the Chilean market has been a place where some investors has been hurt because they have been entering—answering calls with only one asset. This is not the way to develop Chile. As I have said in the past, we have studied it. We have established our strategy. We have built out a portfolio, a diversified portfolio, both in terms of technology and also in terms of location in Chile. Our intention is to participate in a future call, but always in the thinking of proposing profitable projects for us. And the idea will be to grow the portfolio in terms of diversification. We will not answer an RFP with one single asset in Chile.

So, the idea is to grow slowly the portfolio in order to keep that balance that we have developed. And in that strategy, we are comfortable. We would not try to answer a big call with only one asset. This has proven to be the wrong strategy, the wrong approach for the Chilean market. And that all of the developers has been hurt in doing so, maybe that's why sometimes the investors are thinking that Chile is risky. I think Chile is a great market when you have the smart and balanced portfolio approach.

## **Operator**

(Operator Instructions)

Your next question comes from Justin Strong from Scotiabank. Please go ahead.

## **Justin Strong — Analyst, Scotiabank**

Hi. Thanks for taking my call, guys. Just a quick question on the financing of the Canadian hydro assets, apologies if I missed this, but I am just wondering what you are thinking that may free up in terms of capital and what assets are those BC hydro assets?

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

So, there is two groups. So, we are going with the first financing that will group three assets that are in BC and in Québec, actually. So, that's going to be a 20-year financing, and we expect to raise \$170 million. And the next phase is three hydro assets in Québec that should raise approximately \$80 million. So, in total, the \$250 million is the target for the refinancing. And as I have mentioned earlier, that coupled with the French sell-down to CAA, it's going to help us surpass the \$400 million target that we had talked about last quarter.

**Justin Strong** — Analyst, Scotiabank

Great. Thanks. And do you think you will be putting those back in the market? Are you looking for PPA counterparties?

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

They have been actually resigning PPAs. So, that hence they are starting a new phase, I guess, because we have resigned PPAs on these assets which helped us to actually secure this financing for the next 20 years, so because of these re-contracted assets.

**Justin Strong** — Analyst, Scotiabank

Great. Thanks.

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

You're welcome.

**Operator**

Mrs. Vachon, there are no further questions at this time.

**Karine Vachon** — Senior Director of Communications, Innergex Renewable Energy Inc.

Thank you very much everyone. We will talk to you again in November. Thank you.

**Michel Letellier** — President and Chief Executive Officer, Innergex Renewable Energy

Thank you everyone.

**Jean Trudel** — Chief Financial Officer, Innergex Renewable Energy Inc.

Thank you everyone.

**Operator**

Ladies and gentlemen, you may now disconnect your lines.