

TransAlta Renewables AGM

May 1, 2015

Allen R Hagerman, Chairman

OK welcome, good morning. On behalf of the Board of Directors it is my pleasure to welcome you to the annual meeting of shareholders of TransAlta Renewables Inc. The board and management very much appreciate your interest and attendance today. My name is Allen Hagerman, and as chair of the board, I will act as chair of the meeting this morning. Our Vice-President Legal and Corporate Secretary, Maryse St.-Laurent, is seated here on my far left, and will act as secretary to the meeting. I also like to introduce Brett Gellner, President of TransAlta Renewables....Brett.

As the meeting is being webcast live, we welcome those joining us on our internet broadcast audience. We also welcome those of you who are not shareholders to this meeting, but I remind you that only shareholders or proxy holders, who are owners of TransAlta Renewable shares as of the close of business on March 31, 2015, are entitled to vote or take an active part in the business of the meeting. Should you wish to speak during the meeting, we ask that you identify yourself, and the state whether you are a shareholder or proxy holder, and that you state your name and, if a proxy holder, please also state the name of the shareholder you are representing. At the end of the formal portion of business, Mr. Gellner will present to you the President's report. Following his presentation, there will be time for questions.

Before I call the meeting to order, I'd like to assure that everyone is familiar with the location of the emergency exits, should these be required, there's one of the back of the room and one right here behind screen. In case of a power disruption...heaven help us on that, I'm pretty confident that is not going to happen...the exit signs will illuminate and should this occur or any other emergency, please proceed calmly to the nearest exit. I'd also ask you that you turn off your cell phones and other electronic devices so they don't disturb the meeting.

I will now call TransAlta Renewables Inc. annual meeting of shareholders to order. We will first go through the formal parts of the meeting.

Gloria Gherasim and Christine Calesso of CST Trust Company, TransAlta Renewables transfer agent, are in attendance today and I appointment them to act as scrutineers for the meeting. I hereby ask Ms. St.-Laurent to file with the records of this meeting the proof of service and the notice of the meeting, which were mailed on April 9th and 10th 2015 to beneficial and register shareholders of record, as of March 31, 2015. The scrutineers have provided me with a preliminary report on attendance and the account indicates 40 shareholders are present in person and by proxy, holding 95,738,780 common shares, representing approximately 83% of the common shares outstanding. I therefore declare that a quorum is present and this meeting is properly constituted for the transaction of business. A copy of the scrutineers report will be filed with records of the meeting.

In order to have the meeting move smoothly, we've asked a number of TransAlta Corporation employees, who are also TransAlta Renewables shareholders, to move and second motions to be put for the meeting. If you like to discuss on a motion before the vote please raise your hand, and identify whether you are a shareholder or proxy holder. Starting with the minutes of the last annual meeting of shareholders which was held on May 2, 2014, I declare that the minutes have been verified and signed and are filed in the Corporation's minute book. Anyone wishing a copy of the minutes may pick up one from the table located at the back of the meeting room.

The next item of business is the receipt of the annual consolidated financial statements of the Corporation and the auditors' report for the year ended December 31, 2014. The annual consolidated financial statements of the Corporation and auditors report are contained on pages 40 to 76 of our annual report, and were mailed to shareholders in accordance with securities law, together with the notice of this meeting. Copies are available table located at the back of this meeting room and I request the secretary to file a copy of the annual report with the minutes of this meeting. Mr. Gord Graham, a representative of Ernst & Young LLP, the auditors of the Corporation, is available at this meeting to answer questions during the general question period.

The next item of business is the election of directors. The board has set number of directors to be elected at this meeting at six. We are satisfied that this number of directors is

appropriate to provide a significant range and depth of expertise and to meet corporate governance requirements.

I'd like to introduce the directors standing for election. Their detail biographies are included in the proxy circular and I would ask that each director stand when I call his or her name.

David Drinkwater. David is a resident of Toronto and is a senior adviser to Rothchilds Canada. He was the chair of Rothchilds Canada from 2009 to 2013. He has also held senior executive positions with Nortel Networks Corporation, and Ontario Power Generation, in both legal and finance. David is an independent member of the board and as well on the audit committee.

Brett's Gellner, Brett is resident of Calgary and President and Designated Chief Executive Officer of the Company. He is also the Chief Investment Officer of TransAlta Corporation. Prior to his current position, Brett also held the position of Chief Financial Officer at TransAlta. Prior to joining TransAlta, Mr. Gellner spent 12 years in investment banking.

Cynthia Johnson. Cynthia is a resident of Calgary and the Chief Operating Officer of TransAlta Renewables Inc. Cynthia is also the Executive Vice President, Enterprise Risk and Corporate Services of TransAlta Corporation. Prior to this role she was TransAlta's Vice President of Renewable Operations. Cynthia has over 28 years of experience in the electricity industry including five years in a senior executive role with Fortis.

Kathryn McQuade. Kathryn is a resident of Mesquite, Nevada, and is currently an independent business person. Kathryn has held senior executive positions with the Canadian Pacific Railway and Norfolk Southern Corporation. She has extensive experience in finance, information technology, and strategic planning. Kathryn is a certified public accountant and is an independent member of board and the chair of the audit committee.

Paul Taylor. Paul resides in Victoria, BC. Prior to his retirement, Paul was the President of TransAlta's US operations and Executive Vice-President, Coal of TransAlta Corporation. Paul has extensive public-sector experience including serving as Chief of Staff to the Premier of British Columbia, British Columbia Deputy Minister of Finance, and Secretary to the Treasury

Board, as well as President and Chief Executive Officer of the Insurance Corporation of British Columbia.

And myself, I'm a resident of Calgary, my background is in the circular and I'll leave it at that. And I'm an independent director and chair of the board and a member of the audit committee. These are the individuals proposed for election at this meeting.

I would now like to open the meeting for nominations of directors to serve for the following year.

Brent Ward, Shareholder

My name is Brent Ward. I'm a shareholder and I nominate; David W Drinkwater; Brett M. Gellner; Cynthia Johnston; Kathryn AB McQuade; Paul H.E. Taylor; Allen R. Hagerman, to be elected as directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed.

Allen R Hagerman, Chairman

Thank you Brent. Is there discussion on this motion? As there is no discussion, we will continue with the meeting. Are there any further nominations? Hearing none, I request a motion that nominations be closed.

Erin Colborne, Shareholder

My name is Erin Colborne. I'm a shareholder and I so move.

Allen R Hagerman, Chairman

Thank you Erin and Ben...sorry, Ben's got to go yet.

Ben Park, Shareholder

My name is Ben Park. I am shareholder and I second the motion.

Allen R Hagerman, Chairman

Thank you Ben. All in favor? Hands...contrary if any? I declare the nominations closed. Since the number of nominees does not exceed the number of directors to be elected by the shareholders I request a motion that the nominees be elected as directors of the Corporation to hold office until the next annual meeting of shareholders or until their successes... successors ...are elected or appointed.

Carolyn Dahl Rees, Shareholder

Mr. Chair, I'm Carolyn Dahl Rees. I'm a shareholder and I so move.

Allen R Hagerman, Chairman

Thank you Carolyn. I guess is there discussion of this motion? Sorry. As there is no discussion we will continue with the meeting. May I have a seconder for the motion before the meeting?

Scott Jeffers, Shareholder

My name is Scott Jeffers. I'm a shareholder and I second the motion.

Allen R Hagerman, Chairman

Thank you Scott. All in favor? Contrary if any? I declare the motion carried.

The next item of business is the appointment of the auditors. I request a motion that Ernst & Young LLP be appointed auditors of the Corporation to hold office until the close of the next annual meeting of shareholders at such remuneration as shall be fixed by the Board of Directors.

Brent Ward, Shareholder

My name is Brent Ward. I'm a shareholder and I so move.

Allen R Hagerman, Chairman

Thank you Brent. Is there discussion, any discussion, on this motion? Hearing none, may I have a seconder for this motion?

Erin Colborne, Shareholder

My name is Erin Colborne. I'm shareholder and I second the motion.

Allen R Hagerman, Chairman

Thank you Erin. All in favor? Show of hands. Contrary if any? I declare the motion carried.

Thank you, Maryse. Final report in attendance 40 shareholders holding 95,738,780 common shares represented in person or by proxy at the meeting. This represents 83.49% of the 114,666,668 issued and outstanding common shares eligible to vote.

With the consent of the meeting, I now declare the formal business of the meeting at an end. Now I'll turn over the podium to Brett Gellner.

Brett Gellner, President, TransAlta Renewables

Thanks Allen and good morning everyone. Welcome to TransAlta Renewables' Annual General Meeting. So what I'm going to do is I'm going to focus on three things. I'm going to give you an update on the Company, an overview of the company including our recent financial and operational performance. I want to talk about our growth track record and our announcement regarding Australia. And then I want to talk about how we believe we're well positioned to continue to grow the Company, and to continue to add value for shareholders.

My presentation does contain forward-looking statements so when you get a moment, please refer to this statement disclaimer.

So TransAlta Renewables, as you know is a leading power energy infrastructure company. One of the key focuses for us strategically is to be highly diversified, and that's underpinned by long-term contracted assets with high-quality counterparties. The other aspect is we do have a good track record for growth and our outlook for growth remains very promising as I'll talk about. We've been able to generate very attractive shareholder returns and that's not just been in the increase in the share price but also in the increase in the dividend. Our balance sheet is strong and we have a very prudent payout ratio giving us the flexibility to continue to grow.

And then our sponsorship with TransAlta Corp. is very important in that it provides us with operational excellence and expertise but also a platform for growth going forward. What's our platform today? We're just under 1200 MW of wind and 105 MW of hydro assets. Upon closing of the Australian transaction we'll be adding 575 MW of gas fired generation an interest in a 270 km gas pipeline and 500 km of electric transmission. So you can see our platform has grown significantly.

2014 performance financially was in line with our expectations. We generated an 76 million EBITDA, asset value on the balance sheet is just under \$2 billion., and are ,as you can see here from our net debt to EBITDA which is a measure of financial strength on the balance sheet, was very strong at 3.6 times. We've been able to deliver year-over-year 15% growth in production, and as you can see from this chart that's been largely driven by growth. Two projects, one in early 2013, we started up our new Richmond Québec wind farm and then later 2013, we acquired a wind farm in Wyoming. Those two projects have been able to increase the production year-over-year significantly.

In terms of the quarter, which we just released this morning, you can see here our production and EBITDA for the quarter compared to the same period last year. So again the quarter was in line with our expectations. Down marginally actually from last year only because last year we actually had above average wind resources so this quarter was more in line with what we expected. We will always take it when the wind is blowing hard but still good results.

So the growth that we've been able to deliver to date, combined with strong financial performance has resulted in very good at increase in our share price. As you'll recall, we went public in August 2013 at \$10 a share. Since that time, the share price has increased by approximately 25%.

I want to now turn to the Australian transaction. This is a transformative transaction for us. Consistent with our long-term strategy of adding contracted assets to the business and further diversifying the Company. Transaction value \$1.78 billion in size, and this will increase our cash available for distribution by approximately 140% once the South Headland project is up and running, so a significant increase. Upon closing, which we hopefully anticipate, the vote is next week, so we are targeting next week to close, we will increase the dividend by 9% on an annualized basis and then we expect to increase it a further 6-7% once the South Headland project is up and running, which is targeted for 2017. Finally the other aspect of this transaction is, TransAlta Corp. has some other expansion opportunities associated with these assets. They have granted, if they pursue those they have granted TransAlta Renewables the right of first offer (ROFO) to be able to invest in those opportunities, some added growth comes with this transaction. As I talked about a key strategic focus of the company, is to be diversified. So this transaction further diversifies in terms of geography, in terms of technology, and in terms of our customer base, and it gives us another footprint and platform to be able to further grow the Company. So what I am going to do here is to give you a better flavor of the Australian transaction, we're going to show you a video just to give you a sense of what it looks like.

VIDEO PLAYS (FOR 2:30min)

So good. Exciting. Exciting for TransAlta Corp. and exciting for TransAlta Renewables. And as I mentioned this is very transformative. You can see from this chart what it does to the Company. The Company will become upon closing and upon finishing of the South Headland project, a \$4 billion dollar enterprise will value Company. Also with the equity offering that was done to help finance the transaction, the public float increases substantially, which provides investors with more liquidity going forward. So yeah we're excited and I look forward to closing the transaction.

In terms of the dividend, I spoke about this, when we went public our dividend was \$.75, we were able to increase that to \$.77 when we acquire the Wyoming wind farm and, upon closing of this transaction on an annualized basis, we are going to increase it by 9% of the \$.84 and then we're targeting in around the \$.90 once the South Headland project is up and running again, targeting 2017 for that to happen. So very good dividend growth and we look forward to being able to announce and get that the dividend going.

But our growth hasn't stopped there, and it's not going to stop there, and we are really focused on three key areas. The first is these (ROFO) opportunities that I talked about. So as TransAlta looks to expand, we look forward to them coming to us for those investments in the future. The other areas are potentially further additional drop down from TransAlta Corp. into TransAlta Renewables and I can talk a bit more about that in a minute. The other area is third party acquisitions. Wyoming was a good example of that. We continue to be out in the market looking at opportunities. Having said that, we are going to be very disciplined in terms of the risks and returns that we expect for those opportunities.

So in terms of potential drop downs, further drop downs into from Corp. into TransAlta Renewables, there are really three buckets. One is additional gas fire generation. This includes gas fired in Alberta, but also Ontario. The second is hydro assets here in Alberta, and then the third is additional renewables wind farm in Quebec and a small hydro in Ontario.

Now the point I make here is that, as you can imagine, TransAlta Corp. continues to explore growth at the parent company and down the road, those opportunities may be qualified at some point as drop downs further. But right now, this is the potential inventory that can go in. That relationship with TransAlta Corp. is very important in that alignment. As you can see, it currently owns 70% so it is a major shareholder but also operates the assets, as it provides that expertise. Post-closing they will be around 76%. But interests very aligned as a major shareholder, very aligned in terms of increasing the value of TransAlta Renewables, and ensuring that it continues to be successful in growing in the future.

So where are we trading at? Just to give you a perspective, here on the next couple of pages, this just shows our dividend yield relative to some other companies with somewhat similar risk profiles. Based on the current share price and factoring in the first dividend increase that we would like to do on closing here (the \$.84), you can see that we're trading in around

6.7%. Based on that, you can see how that compares to other companies so very attractive dividend for our shareholders. The other way to look at is to look at what the research analysts are saying relative to where the current share price is. We closed yesterday in the \$12.50 range. But again you can see where it sits relative to what the analysts are thinking in terms of target prices.

So before I conclude I just wanted to again talk about some of the risk management strategies that we do take as a company to ensure that we continue to provide stable cash flows for our investors. I talked a lot about having long-term contracted assets, having a diversified asset base. Also I talked about the payout ratio, and the balance sheet. In addition to that, we do hedge our foreign exchange to take that volatility off the table. We also, with through TransAlta Corp. as a sponsor, look at credit risk management through guarantees, LCs, insurance. TransAlta is also taking on all the greenfield risks associated with the South Headland project. And then finally, as we look forward in terms of our financing plans for TransAlta Renewables, it is critical to us to ensure that we put in long tenure type financing to match the long-term nature of those assets.

So just summarize we are well positioned for the future. We've now got the greater scale and diversity to continue to increase the dividend but also position us for further growth going forward. Attractive yield and strong balance sheet allows us to be able to react quickly to opportunities and that long-term alignment with TransAlta Corp. just positions us well for future growth going forward. So with that, I'm going to end my remarks and open it up for any questions anybody might have?

K.....I take there are none...so with that we officially close the meeting. Good, Thank you!