

**TransAlta Renewables Inc.
Dividend Reinvestment Plan**

Questions and Answers

The following series of questions and answers explains some of the key features of the TransAlta Renewables Inc. (the "**Corporation**") Dividend Reinvestment Plan (the "**Plan**").

The answers set forth below are of a summary nature only and are expressly subject to the complete text of the Plan, a copy of which may be obtained from the Plan Agent or the Corporation at any time upon request or from the Corporation's website at www.transaltarenewables.com. Shareholders of the Corporation ("Shareholders") should carefully read the complete text of the Plan before making any decisions regarding participation in the Plan.

1. What is the Dividend Reinvestment Plan?

The Dividend Reinvestment Plan provides eligible holders of common shares ("**Shares**") of TransAlta Renewables Inc. the opportunity to accumulate additional Shares by reinvesting their dividends. The Plan provides an efficient and cost-effective way for the Corporation to issue additional equity capital to existing Shareholders. All shares issued under the Plan are issued from the treasury of the Corporation.

2. What are the main features of the Plan?

An eligible Shareholder may, by enrolling in the Plan, direct that cash dividends on all Shares registered in the name of such Shareholder, together with cash dividends on Shares held for the account of such Shareholder, be applied to the purchase of additional Shares. The price of the Shares purchased with reinvested dividends will be 98% of the Average Market Price. For the purposes of the Plan, "Average Market Price" means the average closing price of the Shares on the Toronto Stock Exchange during the five (5) day trading period on which not less than 500 Shares are traded on the Toronto Stock Exchange ending on the Business Day immediately prior to the Dividend Payment Date.

Dividends paid on new Shares purchased with reinvested dividends that are held under the Plan will automatically be reinvested in additional Shares in accordance with the Plan.

No commissions, service charges or brokerage fees are payable by participants in connection with the purchase of additional Shares under the Plan. The Plan Agent will credit the account of a participant with fractions of Shares to allow for full investment of funds. Fractions will be computed to four (4) decimal places. The rounding of any fractional interest shall be determined by the Agent using such methods as it deems appropriate in the circumstances.

3. Who is eligible to participate in the Plan?

Any Canadian resident holder of at least one share of TransAlta Renewables may join the Plan at any time. Unless authorized or otherwise announced by TransAlta Renewables, shareholders who are not residents in Canada are not eligible to participate in the Plan.

4. How do I become a participant in the Plan?

A registered Shareholder may become a Participant by downloading an Enrollment Form online at <https://ca.astfinancial.com/InvestorServices/Search-DRIP?lang=en> and delivering such form to the Agent no later than five (5) Business Days prior to a Dividend Record Date. An Enrollment Form can also be obtained by contacting the Agent directly.

Canadian resident beneficial owners of Shares who hold their Shares with a CDS Participant may not directly enroll in the Plan, but may participate in the Plan through their CDS Participant. Beneficial owners of Shares may only participate in the Plan if they (i) transfer their Shares into their own name and then enroll in the Plan directly, or (ii) arrange for the CDS Participant to enroll in the Plan on their behalf.

CDS & Co. enrolling on behalf of CDS Participants must notify the Agent no later than 11 a.m. (Calgary time) on the Dividend Record Date in order for the cash dividend to which such Dividend Record Date relates to be reinvested under the Plan. Otherwise reinvestment will not occur for the current period.

Beneficial owners of Shares should consult their CDS Participant to determine the procedures for participation in the Plan. The administrative practices of CDS Participants may vary and, accordingly, the various dates by which actions must be taken and documentary requirements set out in the Plan may not be the same.

5. When does my participation in the Plan start?

You will become a Participant in the Plan as of the first dividend payment date following the receipt by the Plan Agent of a duly completed Enrolment Form, either directly from you if you are a registered shareholder, or if you are a non-registered beneficial shareholder, on your behalf through the Nominee through which you hold your shares. An Enrolment Form must be received by the Plan Agent at least five (5) business days prior to a dividend record date in order to have your dividends reinvested in shares on the corresponding dividend payment date.

6. How will the Plan purchase new shares of TransAlta Renewables for me?

On each monthly dividend payment date, cash dividends payable on your shares that are enrolled in the Plan will be applied automatically to the purchase of shares from TransAlta Renewables' treasury at the applicable subscription price for new shares. The Plan Agent will hold such new shares for you either in its name or the name of its nominee.

7. What will be the price of new shares purchased under the Plan?

The price of new shares purchased with reinvested dividends on eligible shares pursuant to the Plan will be 98% of the Average Market Price of the shares in respect of the applicable dividend payment date.

8. Will certificates be issued for new shares purchased?

Shares purchased and held under the Plan will be registered in the name of the Agent, as agent for the Participants, and certificates for such Shares will not normally be issued to Participants unless specifically requested in writing.

A Participant (excluding beneficial owners) may, without terminating participation in the Plan, have a Share certificate issued registered in the Participant's name for any number of whole Shares held for the Participant's account under the Plan by duly completing the withdrawal portion of the voucher located on the reverse of the statement of account. Certificates will normally be issued within three weeks of receipt by the Agent of the Participant's written request for a certificate. Any remaining whole Shares and any fraction of a Share will continue to be held for the Participant's account under the Plan. For greater certainty, certificates will not be issued for a fraction of a Share.

9. How do I terminate participation in the Plan?

A Participant (excluding beneficial owners) may voluntarily terminate participation in the Plan by duly completing the termination portion of the voucher located on the reverse of the statement of account and delivering it to the Agent no later than five (5) Business Days prior to a Dividend Record Date. The

Participant will receive a certificate for the number of whole Shares held by the Agent in such Participant's account and a cash payment for any remaining fraction of a Share so held. Any fractional Share interest will be paid based on the closing market price of a Share on the Toronto Stock Exchange on the date of termination.

Beneficial owners of Shares should consult their CDS Participant to determine the procedures for terminating their participation in the Plan. The administrative practices of CDS Participants may vary and, accordingly, the various dates by which actions must be taken and documentary requirements set out in the Plan may not be the same.

10. What statements will I receive under the Plan?

An account will be maintained by the Agent for each registered Participant. Unaudited statements of account will be mailed to each Participant on a monthly basis. These statements are a Participant's continuing record of purchases of Shares made for such Participant's account under the Plan and should be retained for income tax purposes. The Agent will also send annually to each Participant certain tax forms for tax reporting purposes. Adjusted cost base calculations for tax reporting purposes will be the responsibility of each Participant as the averaging rules may apply so that such calculations may depend on the cost of other Shares held by the Participant.

11. What are the income tax consequences of participation in the Plan?

Participation in the Plan does not relieve Shareholders of any liability for taxes that would otherwise be payable in respect of cash dividends that are reinvested in Common Shares as part of the Plan. The Plan is accompanied by a general description of certain income tax considerations relevant to participation in the Plan. Shareholders should consult their own tax advisors concerning the implications of their participation in the Plan having regard to their particular circumstances, including any foreign tax implications.

12. Where can I obtain the required forms and who can I contact with any questions?

Related forms can be found at: <https://ca.astfinancial.com/InvestorServices/Search-Issuers-Post?lang=en&issuerName=7555>

If you have any questions regarding the Plan, please direct them to the Plan Agent or to the Corporation as follows:

AST Trust Company (Canada)
Attention: Dividend Reinvestment
P.O. Box 4429, Station A
Toronto, ON M5W 0G1

Telephone:
Toll-free (North America): (800) 387-0825
Toronto area: (416) 682-3860
Email: inquiries@astfinancial.com

You can also access the investor inquiry form at <https://ca.astfinancial.com/InvestorServices/Inquiry-Form>

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PO Box 1900,
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Alberta T2P 2M1
Attention: Investor Relations

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