Letter to Shareholders

Since we closed the transaction with Brookfield in October, we have begun transforming TerraForm Power into a fully-integrated, renewable power company. Our strategy is underpinned by three principles. First, we invest on a value basis to grow our business. Leveraging Brookfield's global business development footprint, we shift capital within our target markets of North America and Western Europe to opportunities that offer the best risk-adjusted returns, and we originate multi-faceted transactions that do not lend themselves to competitive auction processes. Second, we build a best-in-class operating platform in order to reduce operating costs, enhance efficiency and deploy capital within our portfolio wherever we can earn premium returns. Finally, we will maintain a strong balance sheet. We seek to execute this strategy to deliver an annual total return of approximately 12% to our shareholders comprised of a dividend backed by a payout ratio of 80% to 85% of CAFD and a sustainable growth rate of 5% to 8% per year. Over the past five months, we have made significant progress in executing this strategy:

- We announced the highly accretive tender offer to acquire Saeta Yield ("Saeta"), which is comprised of a portfolio of high quality solar and wind projects located primarily in Spain;
- To provide certainty regarding the financing plan for this acquisition, we executed an equity backstop agreement with Brookfield at a price of $10.66 per share, ensuring that we will be able to issue up to $400 million of equity at or above that minimum price;
- We executed multiple corporate debt refinancings with an aggregate total of $1.6 billion to extend debt maturities and lock-in significant interest expense savings;
- We declared a Q1 2018 dividend of $0.19 per share, implying $0.76 per share on an annual basis, which represents a 6% increase over our previously announced target dividend of $0.72 per share.

Growth Strategy

In February, we announced that we intend to launch a voluntary tender offer to acquire all of the outstanding shares of Saeta and that shareholders representing over 50% of Saeta's outstanding shares have executed agreements to irrevocably support the offer. We are very excited about this transaction, as it will increase our ownership of high-quality renewable power assets by approximately 40% and establish a scale position in Western Europe. On a megawatt basis, our combined fleet will be 3.6 GW, of which 67% will be wind and 33% will be solar. 96% of cash flows will be under long-term contracts with a remaining life of approximately 14 years on a weighted average basis, and the combined fleet will remain young, with an average age of only 5 years.

The transaction was driven by three primary strategic considerations:

1) *Highly accretive*

   This transaction is both value and CAFD per share accretive, which we believe is particularly attractive given that 100% of Saeta's revenues are generated under stable frameworks with investment grade counterparties. In addition, we anticipate that the return on equity of the Saeta investment will exceed TerraForm's target return.

2) *Accelerates deleveraging of our balance sheet and provides diversification benefits*

   The acquisition furthers our long-term plan to establish an investment grade balance sheet by deleveraging our corporate debt to cash flow ratio towards our 4.0x to 5.0x goal. Our consolidated portfolio will feature additional resource and geographic diversity, with renewable power assets in six countries and many more sub-regions. As a result of the anticipated transaction benefits, Moody's has upgraded TerraForm Power's outlook from stable to positive.

3) *Multiple value levers*

   We will have the opportunity to implement a number of value-enhancing initiatives that should improve the overall cost profile of Saeta, along with optimizing its capital structure.

Our tender offer for all of the outstanding shares of Saeta is expected to be completed in the second quarter of 2018, subject to certain closing conditions including obtaining regulatory approvals. We believe that the origination of a large-scale acquisition on a negotiated basis, that is highly accretive to our shareholders, is a concrete demonstration of the benefits of Brookfield's sponsorship. With its 51% ownership interest, Brookfield is fully aligned with TerraForm Power's shareholders in executing our strategy and enhancing shareholder value.

Operations

We have completed the transition to a stand-alone operation with no remaining reliance on SunEdison in the fourth quarter. As our new organizational structure is flatter and eliminates duplicative functions, we are confident that we should be able to meet our phase-one cost savings goal of $10 million, net of the base management fee to Brookfield, by mid 2018. This excludes non-recurring expenses that we will incur in 2018, including transition costs and costs to implement systems that will improve efficiency and financial controls.

In addition, we have made progress on our phase-two cost cutting goal of reducing operations and maintenance costs by $15 million across our wind and solar fleet. In December, we launched a request for proposal for full-wrap, long-term service agreements for a significant portion of our wind fleet. While we are currently in discussions with a number of major original equipment manufacturers (OEMs) to clarify the pricing, scope and tenure of their bids, we are encouraged by the proposals that we have seen thus far. We expect to make a decision in the coming weeks. Should we decide to outsource, we will retain key areas of expertise in-house to maintain a fully-integrated, best-in-class operating platform.

We are also continuing to pursue repowering opportunities within our wind fleet. We have been actively reaching out to corporate and other offtakers for long term contracts. In addition, we are engaging with developers and OEMs that have access to wind turbines whose tax incentive attributes have been "safe harbored" at the 2017 level.

Balance Sheet

Over the past few months, we have made significant progress in strengthening our balance sheet and bolstering our liquidity. In November, we issued a $350 million term loan that was used to repay an intermediate holdco loan, simplifying our capital structure. The term loan was upsized by $50 million from the initial offering and priced at LIBOR + 275 basis points. In December, we closed a $1.2 billion senior note offering, comprised of $500 million of 4.25% notes due 2023 and $700 million of 5.00% notes due 2028. We deployed the net proceeds from the notes to repay $950 million of senior notes due in 2023 and outstanding indebtedness under our revolving credit facility, in addition to covering related breakage costs and financing fees. The blended coupon of the offering was at a 170 basis point discount to that of the retired notes. Together, these two financings locked-in significant interest expense savings and extended our debt profile such that we have no meaningful corporate debt maturities over the next five years.

With the increased growth rate of the U.S. economy, the Federal Reserve has signaled its intention to continue hiking short term rates, and the US ten-year treasury has increased to nearly 3 percent. To protect against rising interest rates, we proactively locked-in interest rates at the project level and issued the aforementioned long-term, fixed rate debt at the corporate level. As a result, approximately 85% of our existing debt is either fixed-rate or swapped. Consequently, our financing costs are largely locked-in, and our operating cash flow has little exposure to rising rates for the foreseeable future.

Our liquidity position remains strong. Prior to funding the Saeta transaction, TerraForm Power has over $1 billion of liquidity under committed facilities, including $500 million under its corporate credit facility, which was upsized to $600 million, and $500 million under the sponsor line with Brookfield.

Financial Results

For the full year of 2017, TerraForm Power's results were in-line with expectations as per previous management's guidance. Specifically, our portfolio generated adjusted EBITDA and CAFD of $443 million and $88 million, respectively. This represents a decrease of $36 million and $64 million, respectively, compared to the same period last year. The decrease in EBITDA was largely attributable to the absence of SunEdison support in 2017, which materially subsidized corporate overhead at levels below stand-alone cost in 2016, combined with weaker resource which resulted in reduced generation in 2017. Wind and solar resource were both approximately 3% below 2016 levels. In 2017, our fleet availability improved to 97% from 95% in the prior year, but we believe there still is room for further improvement as operational enhancements begin to yield results. In addition to the reduction in EBITDA, CAFD was further reduced in 2017 due to a non-recourse financing of four Canadian solar assets and the timing of non-controlling interest payments.

During the fourth quarter, our portfolio performed broadly in-line with expectations, delivering adjusted EBITDA and CAFD of $99 million and ($4) million, respectively. This represents a decrease of $11 million of both adjusted EBITDA and CAFD compared to the same period last year. The decrease was largely attributable to unusually low operational costs during the same period last year, which was driven by both expense support from SunEdison and timing of certain maintenance expenditures. Total generation for the quarter was generally consistent with the same period last year. As mentioned in our Q3 supplemental release, we will be implementing a new definition of CAFD which will levelize principal, interest and sustaining capex starting in Q1 2018. As a result, we expect less seasonality in our 2018 reported CAFD, particularly in Q4.

Outlook

We would like to close by providing a few thoughts on the outlook for TerraForm Power in light of recently enacted U.S. tax reform along with announced tariffs on imported solar panels, which have raised many questions as to their impact on the prospects of the renewable power industry. In summary, we do not anticipate that either of these policy changes will have a material impact on TerraForm Power. With regard to our existing fleet, the positive impact from a significant reduction in the statutory corporate tax rate roughly offsets the negative impacts from provisions that limit interest expense deductibility and net operating loss utilization on a net present value basis. With respect to growth, we anticipate that the lower statutory tax rate will result in a reduction in the quantum of tax equity in capital structures, which should increase the weighted average cost of capital for renewable power projects over the next few years while tax incentives remain in tact.

As a result of the recently announced tariffs on imported solar modules, we anticipate an approximate $0.10 per watt increase to module pricing in 2018, declining over a four-year period as the tariff level steps down. All else being equal, this implies a $3 per MWh increase in PPA pricing. However, we expect that PPA prices will rise by less than the increase in module prices as developers continue to find ways to cut costs. With strong support for renewable power at the state level and from corporate customers, we do not believe that these factors will materially reduce the long-term growth prospects of the industry. However, they may result in a modest increase in pricing under PPAs in the US market – a development that could benefit our recontracting prospects.

Furthermore, with the Saeta transaction, we are well-positioned to invest capital in markets outside of the United States. With aggressive renewable power targets and a supportive policy environment, Western Europe remains an attractive market completely independent of U.S. policy and capital market dynamics. With Brookfield as our sponsor and with scale in both North America and Western Europe, we remain confident in our ability to originate accretive acquisitions and will remain opportunistic, shifting our capital to the markets where we are able to achieve the highest risk-adjusted returns.

We are grateful for your continued support and look forward to updating you on our progress in the coming quarters.

Sincerely,

John Stinebaugh

Chief Executive Officer

March 8, 2018