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**News Release**  
**For Immediate Distribution**

## INNERGEX ACQUIRES LARGE-SCALE SOLAR PROJECT IN THE UNITED STATES

- Full notice to proceed with construction of the 250 MW<sub>AC</sub>/315 MW<sub>DC</sub> solar project issued today
- 12-year power purchase agreement in place with Shell Energy North America (S&P: A+)
- Total construction cost estimated at US\$397 million (C\$524 million)
- US \$292 million (C\$385 million) non-recourse construction and term project financing led by CIT group
- Wells Fargo has committed to provide the tax equity financing

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**LONGUEUIL, Quebec, July 2, 2018** – Innergex Renewable Energy Inc. (TSX: INE) (“Innergex” or the “Corporation”) is pleased to announce the acquisition of a sizable 250MW<sub>AC</sub>/315 MW<sub>DC</sub> photovoltaic solar project located in Winkler county, TX, United States from Longroad Energy Partners, LLC. Full notice to proceed with construction was issued today and commercial operation should be reached in the third quarter of 2019. Financial close for the project’s non-recourse construction, term debt and tax equity financing was also reached today.

“We are very much looking forward to breaking ground on our largest solar project to date. I am confident that our experience and expertise in developing and managing renewable energy projects will ensure the successful completion of the Phoebe project and demonstrate our commitment to growing our diversified portfolio of assets”, said Michel Letellier, President and Chief Executive Officer of Innergex. “With this acquisition, we are in a good position to provide peak renewable power to the ERCOT market, complementing wind energy production and diversifying our footprint in the state. This acquisition brings us closer to exceeding our goal of achieving net 2,000 MW by 2020 and we intend to continue pursuing development and acquisition opportunities of high-quality renewable energy assets to further generate value for our stakeholders.”

### **Description of the asset**

The Phoebe photovoltaic solar project is located in Winkler County in West Texas and consists of First Solar Series 6 thin film modules that will be operated by the panel manufacturer under a 5-year operation and maintenance contract. The installed capacity will be 250 MW<sub>AC</sub>/315 MW<sub>DC</sub> and the average annual power generation is expected to reach 738,000 MWh (33.7% AC net capacity factor), enough to power about 53,000 Texas households. The Phoebe solar facility will sell 100% of its output to the ERCOT power grid and receive a fixed price on 89% of its energy produced under a 12-year power purchase agreement with Shell Energy North America, commencing in July 2019. The remainder of the project’s output will receive a merchant market price. The facility will also benefit from the sale of Renewable Energy Certificates in the merchant market to boost its revenues.

The Project is expecting a projected Adjusted EBITDA of approximately US\$20.2 million (C\$26.7 million) for 12-month of operations. Following cash distributions to the Tax Equity partner, the distributions receivable by Innergex prior to debt service would be approximately US\$13.8 million (C\$18.2 million). The project is also

eligible to receive a federal Investment Tax Credit (ITC) sized to approximately 30% of the project's capital costs. The ITC will be largely allocated to the Tax Equity partner. After the seventh year of operations, it is expected that approximately 95% of the projected Adjusted EBITDA, representing about US\$19.6 million (C\$25.9 million) keeping the same assumptions, would be available for distribution to Innergex prior to debt service.

Innergex is expecting a levered after tax internal rate of return (IRR) in the range of high single digit – low double digits and the facility is expected to be in operations for 35 years and all land rights were negotiated accordingly.

### **Project costs and sources of funds**

Total construction costs are estimated at US\$397 million (C\$524 million) and will be partly financed in priority through a US\$292 million (C\$385 million) construction and long-term project financing led by the Energy Finance unit of CIT Group Inc. Innergex will fund its US\$105 million (C\$139) equity commitment after the debt is fully drawn. This obligation will be supported by the issuance of a letter of credit.

At commercial operation, a subsidiary of Wells Fargo is expected to fund the tax equity investment. This investment will be used to repay the tax equity bridge loan, with the balance being distributed to Innergex.

### ***About Innergex Renewable Energy Inc.***

The Corporation develops, acquires, owns and operates run-of-river hydroelectric facilities, wind farms, solar photovoltaic farms and geothermal power generation plants. As a global player in the renewable energy sector, Innergex conducts operations in Canada, the United States, France and Iceland. Innergex manages a large portfolio of assets currently consisting of interests in 64 operating facilities with an aggregate net installed capacity of 1,957 MW (gross 3,201 MW), including 34 hydroelectric facilities, 25 wind farms, three solar farms and two geothermal facilities. Innergex also holds interests in two projects under development with a net installed capacity of 670 MW (gross 675 MW) two of which are currently under construction and prospective projects at different stages of development with an aggregate net capacity totalling 8,180 MW (gross 8,850 MW). Innergex Renewable Energy Inc. is rated BBB- by S&P. The Corporation's strategy for building shareholder value is to develop or acquire high-quality facilities that generate sustainable cash flows and provide an attractive risk-adjusted return on invested capital and to distribute a stable dividend.

### ***Non-IFRS measures disclaimer.***

Readers are cautioned that Adjusted EBITDA is not a measure recognized by IFRS and have no standardized meaning prescribed by it, and therefore may not be comparable to those presented by other issuers. Innergex believes that this indicator is important, as it provides management and the reader with additional information about its cash generation capabilities and facilitates the comparison of results over different periods. References in this press release to "Adjusted EBITDA" are to revenues less operating expenses, general and administrative expenses and prospective project expenses. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings as determined in accordance with IFRS.

### ***Forward-Looking Information***

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

Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, such as expected production, projected Adjusted EBITDA, distributions receivable by Innergex and expected internal rate of return, to inform readers of the potential financial impact of expected results, of the expected commissioning of Development Projects, of the potential financial impact of the acquisitions, of the Corporation's ability to sustain current dividends and of its ability to fund its growth. Such information may not be appropriate for other purposes.

Forward-looking statements are based on certain key expectations and assumptions made by Innergex, including expectations and assumptions concerning availability of capital resources; economic and financial conditions; project performance and the timing of receipt of the requisite shareholder, court, regulatory and other third-party approvals. Although Innergex believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Innergex can give no assurance that they will prove to be correct.

Since forward-looking statements address future events and conditions, they are by their very nature subject to inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the renewable energy industry in general such as execution of strategy; ability to develop Innergex's projects on time and within budget; capital resources; derivative financial instruments; current economic and financial conditions; hydrology and wind regimes, geothermal resources and solar irradiation; construction, design and development of new facilities; performance of existing projects; equipment failure; interest rate and refinancing risk; currency exchange rates, variation in merchant price of electricity, financial leverage and restrictive covenants; and relationships with public utilities. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Innergex are included in Innergex's annual information form available on SEDAR at [www.sedar.com](http://www.sedar.com).

Forward-Looking Information in this press release is based on certain key expectations and assumptions made by the Corporation. The following table outlines Forward-Looking Information contained in this press release, the principal assumptions used to derive this information and the principal risks and uncertainties that could cause actual results to differ materially from this information.

Principal Assumptions	Principal Risks and Uncertainties
<p><b>Expected production</b></p> <p>For each facility, the Corporation determines a long-term average annual level of electricity production ("LTA") over the expected life of the facility, based on engineers' studies that take into consideration a number of important factors: for hydroelectricity, the historically observed flows of the river, the operating head, the technology employed and the reserved aesthetic and ecological flows; for wind energy, the historical wind and meteorological conditions and turbine technology; for solar energy, the historical solar irradiation conditions, panel technology and expected solar panel degradation; and for geothermal power, the historical geothermal resources, natural depletion of geothermal resources over time, the technology used and the potential of energy loss to occur before delivery. Other factors taken into account include, without limitation, site topography, installed capacity, energy losses, operational features and maintenance. Although production will fluctuate from year to year, over an extended period it should approach the estimated long-term average.</p>	<p>Improper assessment of water, wind, sun and geothermal resources and associated electricity production</p> <p>Variability in hydrology, wind regimes, solar irradiation and geothermal resources</p> <p>Natural depletion of geothermal resources</p> <p>Equipment failure or unexpected operations and maintenance activity</p> <p>Natural disaster</p>
<p><b>Estimated project costs, expected obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects or Prospective Projects</b></p> <p>For each development project, the Corporation provides an estimate of project costs based on its extensive experience as a developer, directly related incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for the projected costs provided by the engineering, procurement and construction ("EPC") contractor retained for the project.</p> <p>The Corporation provides indications regarding scheduling and construction progress for its Development Projects and indications regarding its Prospective Projects, based on its extensive experience as a developer.</p>	<p>Performance of counterparties, such as the EPC contractors</p> <p>Delays and cost overruns in the design and construction of projects</p> <p>Obtainment of permits</p> <p>Equipment supply</p> <p>Interest rate fluctuations and financing risk</p> <p>Relationships with stakeholders</p> <p>Regulatory and political risks</p> <p>Higher-than-expected inflation</p> <p>Natural disaster</p>
<p><b>Projected Adjusted EBITDA</b></p> <p>For each facility, the Corporation estimates annual operating earnings by subtracting from the estimated revenues the budgeted annual operating costs, which consist primarily of operators' salaries, insurance premiums, operations and maintenance expenditures, property taxes, royalties and cost of power (if applicable); these are predictable and relatively fixed, varying mainly with inflation (except for maintenance expenditures and cost of power).</p>	<p>Lower revenues caused mainly by the risks and uncertainties mentioned above</p> <p>Variability of facility performance and related penalties</p> <p>Unexpected maintenance expenditures</p>
<p><b>Expected project financing</b></p> <p>The Corporation provides indications of its intention to secure project-level debt and tax equity financing for its Development Projects, based on the expected costs and revenues of each project, the expected remaining PPA term, and the Corporation's extensive experience in project financing and knowledge of capital markets.</p>	<p>Customary risks related to project-level debt and tax equity financing</p> <p>Interest rate fluctuations</p> <p>Financial leverage and restrictive covenants governing current and future indebtedness</p>

Principal Assumptions	Principal Risks and Uncertainties
<p><b>Qualification for ITC</b></p> <p>For certain Development Projects in the United States, the Corporation has conducted on and off-site activities expected to qualify its Development Projects for PTCs or ITC at the full rate and to obtain tax equity financing on such basis. To assess the potential qualification of a project, the Corporation takes into account the construction work performed and the timing of such work.</p>	<p>Risks related to U.S. Production Tax Credit, Investment Tax Credit, changes in U.S. Corporate Tax</p> <p>Risks related to the project qualification to be eligible to PTCs and ITC</p> <p>Rates and availability of Tax Equity Financing</p> <p>Regulatory and political risks</p> <p>Delays and cost overruns in the design and construction of projects</p> <p>Obtainment of permits</p>
<p><b>Distributions receivable by Innergex</b></p> <p>The Corporation estimates of the distribution to be received by Innergex is based on the project's expected performance including projected Adjusted EBITDA and its ability to meet the terms of the governing agreements.</p>	<p>Project's performance</p> <p>Ability to sale and receive a merchant market price for the remainder of the project's output.</p> <p>Adjusted EBITDA below expectations caused mainly by the risks and uncertainties mentioned above and by higher prospective project expenses</p> <p>Projects costs above expectations caused mainly by the risks and uncertainties mentioned above</p>
<p><b>Expected Internal Rate of Return</b></p> <p>The internal rate of return of a project is based on the project's expected performance including projected Adjusted EBITDA, development and management of the project according to the plan and the distributions received by the Corporation from the project's outcomes.</p>	<p>Project's performance</p> <p>Ability to sale and receive a merchant market price for the remainder of the project's output.</p> <p>Adjusted EBITDA below expectations caused mainly by the risks and uncertainties mentioned above and by higher prospective project expenses</p> <p>Projects costs above expectations caused mainly by the risks and uncertainties mentioned above</p>

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable, readers of this press release are cautioned not to rely unduly on this Forward-Looking Information since no assurance can be given that they will prove to be correct. The forward-looking statements contained in this press release are made as of the date hereof and Innergex undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

**For information**

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