
Table of Contents

currency options, to minimize our net exposure to currency fluctuations. Specifically, we intend to utilize these instruments to mitigate our risk exposure to currency fluctuations on a rolling three-year basis with regard to our projected CAFD. To the extent that significant debt is denominated in currencies other than local currency, we have limited our currency risk with respect to our project-level long-term debt by entering into fixed currency rate swap agreements that limit our foreign exchange exposure.

Interest rates

As of March 31, 2015, our long-term debt was borrowed at variable interest rates. In the future, we expect a substantial amount of our corporate and project-level capital structure will also be financed with variable rate debt or similar arrangements. We also expect that we will refinance our debt from time to time. If we incur variable rate debt or refinance our fixed rate debt, changes in interest rates could have an adverse effect on our cost of capital. To limit our interest rate risk with respect to our project-level long-term variable rate debt, we have entered into interest rate swap agreements.

Government incentives

Each of the markets in which we expect to operate has established various incentives and financial mechanisms to support reimbursements of the cost of and accelerate the adoption of renewable energy. These incentives help catalyze private sector investments in renewable energy and efficiency measures and are described in further detail under "Business—Government incentives" in this prospectus. Such incentives are generally in the form of feed-in tariffs and other programs designed to facilitate the development, financing and operation of renewable energy projects, including solar and wind energy. The incentives are aimed at reducing the development costs of renewable energy projects or providing favorable contract prices for such renewable energy. Our operations benefit from these government incentives, and any adverse change or termination of these incentives would have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, a loss or reduction in such incentives may decrease the attractiveness of renewable energy projects to developers, including SunEdison, which could reduce our acquisition opportunities.

Key metrics**Operating metrics***Megawatt capacity*

We measure the electricity-generating production capacity of our power generation assets in net megawatt capacity (measured in direct current, or "DC," with respect to solar generation assets, and alternating current, or "AC," with respect to wind and hydro-electric generation assets). Net megawatt capacity, or net capacity, represents the rated generation capacity at standard test conditions of a project multiplied by our percentage of economic ownership of such project as of the relevant date. Rated capacity is the expected maximum output a power generation system can produce without exceeding its design limits. The size of our power generation assets varies significantly among the assets comprising our portfolio. We believe the aggregate net megawatt capacity of our portfolio is indicative of our overall production capacity and period-to-period comparisons of our net megawatt capacity are indicative of the growth rate of our business.

Project availability

Project availability refers to the actual amount of time a power generation asset is available to produce electricity divided by the amount of time during the defined measurement period, after excluding the duration of events, such as anticipated maintenance and interconnection interruptions. We track project availability as a measure of the operational efficiency of our business.