

TerraForm Power, Inc.
Form 10-Q
December 06, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-36542

TerraForm Power, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

7550 Wisconsin Avenue, 9th Floor, Bethesda, Maryland

(Address of principal executive offices)

240-762-7700

(Registrant's telephone number, including area code)

46-4780940

(I. R. S. Employer Identification No.)

20814

(Zip Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ Yes ☒ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of November 30, 2016, there were 91,349,263 shares of Class A common stock outstanding and 48,202,310 shares of Class B common stock outstanding.

TerraForm Power, Inc. and Subsidiaries
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PART I - Financial Information

Item 1. Financial Statements.

TERRAFORM POWER, INC AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended March 31,	
	2016	2015
Operating revenues, net	\$153,917	\$70,515
Operating costs and expenses:		
Cost of operations	30,196	16,820
Cost of operations - affiliate	6,846	3,643
General and administrative expenses	17,183	9,939
General and administrative expenses - affiliate	5,437	6,027
Acquisition and related costs	2,743	13,722
Acquisition and related costs - affiliate	—	436
Depreciation, accretion and amortization expense	59,007	31,891
Total operating costs and expenses	121,412	82,478
Operating income (loss)	32,505	(11,963)
Other expenses:		
Interest expense, net	68,994	36,855
Loss on extinguishment of debt, net	—	20,038
(Gain) loss on foreign currency exchange, net	(4,493)	14,369
Loss on receivables - affiliate	845	—
Other expenses, net	567	480
Total other expenses, net	65,913	71,742
Loss before income tax expense (benefit)	(33,408)	(83,705)
Income tax expense (benefit)	97	(45)
Net loss	(33,505)	(83,660)
Less: Net income (loss) attributable to redeemable non-controlling interests	2,545	(169)
Less: Net loss attributable to non-controlling interests	(35,569)	(55,375)
Net loss attributable to Class A common stockholders	\$(481)	\$(28,116)
Weighted average number of shares:		
Class A common stock - Basic and diluted	87,833	49,694
Loss per share:		
Class A common stock - Basic and diluted	\$(0.01)	\$(0.57)

See accompanying notes to unaudited condensed consolidated financial statements.

TERRAFORM POWER, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

	Three Months Ended March 31,	
	2016	2015
Net loss	\$(33,505)	\$(83,660)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments:		
Net unrealized gain (loss) arising during the period	6,573	(3,275)
Hedging activities:		
Net unrealized (loss) gain arising during the period, net of tax	(32,965)	10,252
Reclassification of net realized loss into earnings, net of tax	369	2,857
Other comprehensive (loss) income, net of tax	(26,023)	9,834
Total comprehensive loss	(59,528)	(73,826)
Less: Pre-acquisition other comprehensive income of renewable energy facilities acquired from SunEdison	—	12,500
Comprehensive loss excluding pre-acquisition other comprehensive income of renewable energy facilities acquired from SunEdison	(59,528)	(86,326)
Less comprehensive income (loss) attributable to non-controlling interests:		
Net income (loss) attributable to redeemable non-controlling interests	2,545	(169)
Net loss attributable to non-controlling interests	(35,569)	(55,375)
Foreign currency translation adjustments	2,524	(1,862)
Hedging activities	(11,833)	168
Comprehensive loss attributable to non-controlling interests	(42,333)	(57,238)
Comprehensive loss attributable to Class A common stockholders	\$(17,195)	\$(29,088)

See accompanying notes to unaudited condensed consolidated financial statements.

TERRAFORM POWER, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$603,461	\$626,595
Restricted cash	117,366	152,586
Accounts receivable, net	111,312	103,811
Prepaid expenses and other current assets	59,221	53,769
Assets held for sale	55,725	—
Total current assets	947,085	936,761
Renewable energy facilities, net, including consolidated VIEs of \$3,586,863 and \$3,558,041 in 2016 and 2015, respectively	5,208,372	5,834,234
Intangible assets, net, including consolidated VIEs of \$916,741 and \$929,580 in 2016 and 2015, respectively	1,237,190	1,246,164
Goodwill	55,874	55,874
Deferred financing costs, net	9,595	10,181
Other assets	104,162	120,343
Restricted cash	20,071	13,852
Non-current assets held for sale	617,204	—
Total assets	\$8,199,553	\$8,217,409

See accompanying notes to unaudited condensed consolidated financial statements.

TERRAFORM POWER, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands, except share and per share data)
 (CONTINUED)

	March 31, 2016	December 31, 2015
Liabilities, Non-controlling Interests and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt and financing lease obligations, including consolidated VIEs of \$978,026 and \$980,069 in 2016 and 2015, respectively	\$1,575,383	\$2,037,919
Accounts payable, accrued expenses and other current liabilities, including consolidated VIEs of \$63,282 and \$48,359 in 2016 and 2015, respectively	165,257	153,046
Deferred revenue	18,081	15,460
Due to SunEdison, net	28,695	26,598
Liabilities related to assets held for sale	451,262	—
Total current liabilities	2,238,678	2,233,023
Long-term debt and financing lease obligations, less current portion, including consolidated VIEs of \$59,418 and \$59,706 in 2016 and 2015, respectively	2,531,470	2,524,730
Deferred revenue, less current portion	64,913	70,492
Deferred income taxes	26,692	26,630
Asset retirement obligations, including consolidated VIEs of \$105,259 and \$101,532 in 2016 and 2015, respectively	177,199	215,146
Other long-term liabilities	29,921	31,408
Non-current liabilities related to assets held for sale	44,563	—
Total liabilities	5,113,436	5,101,429
Redeemable non-controlling interests	177,744	175,711
Stockholders' equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none issued and outstanding in 2016 and 2015, respectively	—	—
Class A common stock, \$0.01 par value per share, 850,000,000 shares authorized, 91,464,486 and 79,734,265 shares issued in 2016 and 2015, respectively, and 91,324,447 and 79,612,533 shares outstanding in 2016 and 2015, respectively	909	784
Class B common stock, \$0.01 par value per share, 140,000,000 shares authorized, 48,202,310 and 60,364,154 shares issued and outstanding in 2016 and 2015, respectively	482	604
Class B1 common stock, \$0.01 par value per share, 260,000,000 shares authorized, none issued and outstanding in 2016 and 2015, respectively	—	—
Additional paid-in capital	1,459,923	1,267,484
Accumulated deficit	(105,074)	(104,593)
Accumulated other comprehensive income	6,186	22,900
Treasury stock, 140,039 and 121,732 shares in 2016 and 2015, respectively	(2,620)	(2,436)
Total TerraForm Power, Inc. stockholders' equity	1,359,806	1,184,743
Non-controlling interests	1,548,567	1,755,526
Total non-controlling interests and stockholders' equity	2,908,373	2,940,269
Total liabilities, non-controlling interests and stockholders' equity	\$8,199,553	\$8,217,409

See accompanying notes to unaudited condensed consolidated financial statements.

TERRAFORM POWER, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(In thousands)

	Class A		Class B		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Common Stock			Non-control Capital
	Common Stock Shares	Issued Amount	Common Stock Shares	Issued Amount				Held in Treasury Shares	Amount	Total	
Balance as of December 31, 2015	79,734	\$784	60,364	\$604	\$1,267,484	\$(104,593)	\$22,900	(122)	\$(2,436)	\$1,184,743	\$1,953,584
SunEdison exchange	12,162	122	(12,162)	(122)	—	—	—	—	—	—	—
Stock-based compensation	(432)	3	—	—	491	—	—	(18)	(184)	310	—
Net loss ¹	—	—	—	—	—	(481)	—	—	—	(481)	—
Net SunEdison investment	—	—	—	—	12,804	—	—	—	—	12,804	7,111
Other comprehensive loss	—	—	—	—	—	—	(16,714)	—	—	(16,714)	—
Sale of membership interests in renewable energy facilities	—	—	—	—	—	—	—	—	—	—	15,612
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(5,660)
Equity reallocation	—	—	—	—	179,144	—	—	—	—	179,144	(179,144)
Balance as of March 31, 2016	91,464	\$909	48,202	\$482	\$1,459,923	\$(105,074)	\$6,186	(140)	\$(2,620)	\$1,359,806	\$1,791,503

(1) Excludes \$2,545 of net income attributable to redeemable non-controlling interests.

See accompanying notes to unaudited condensed consolidated financial statements.

TERRAFORM POWER, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)

	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$(33,505)	\$(83,660)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Stock-based compensation expense	1,023	5,144
Depreciation, accretion and amortization expense	59,007	31,891
Amortization of favorable and unfavorable rate revenue contracts, net	10,503	(336)
Amortization of deferred financing costs and debt discounts	8,754	7,709
Recognition of deferred revenue	(2,322)	(73)
Loss on extinguishment of debt, net	—	20,038
Unrealized (gain) loss on derivatives, net	(352)	4,302
Unrealized (gain) loss on foreign currency exchange, net	(3,166)	14,369
Loss on receivables - affiliate	845	—
Deferred taxes	62	—
Other, net	552	551
Changes in assets and liabilities:		
Accounts receivable	(14,495)	(20,985)
Prepaid expenses and other current assets	(2,552)	4,420
Accounts payable, accrued expenses and other current liabilities	7,366	417
Deferred revenue	(636)	6,658
Other, net	4,190	—
Due to SunEdison, net	—	(390)
Restricted cash from operating activities	—	(664)
Net cash provided by (used in) operating activities	35,274	(10,609)
Cash flows from investing activities:		
Cash paid to third parties for renewable energy facility construction	(31,711)	(182,365)
Other investments	—	(10,000)
Acquisitions of renewable energy facilities from third parties, net of cash acquired	(4,064)	(997,968)
Due to SunEdison, net	—	(15,079)
Change in restricted cash	5,638	(2,050)
Net cash used in investing activities	\$(30,137)	\$(1,207,462)

See accompanying notes to unaudited condensed consolidated financial statements.

TERRAFORM POWER, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(CONTINUED)

	Three Months Ended March 31,	
	2016	2015
Cash flows from financing activities:		
Proceeds from issuance of Class A common stock	\$—	\$342,192
Proceeds from Senior Notes due 2023	—	793,712
Repayment of term loan	—	(573,500)
Borrowings of non-recourse long-term debt	—	336,438
Principal payments on non-recourse long-term debt	(29,712)	(15,894)
Due to SunEdison, net	(11,614)	93,516
Contributions from non-controlling interests	15,612	10,497
Distributions to non-controlling interests	(6,172)	(12,884)
Repurchase of non-controlling interest	—	(54,694)
Distributions to SunEdison	—	(16,659)
Net SunEdison investment	29,747	53,020
Payment of dividends	—	(15,125)
Debt prepayment premium	—	(6,429)
Debt financing fees	(4,500)	(30,667)
Net cash (used in) provided by financing activities	(6,639)	903,523
Net decrease in cash and cash equivalents	(1,502)	(314,548)
Reclassification of cash and cash equivalents to assets held for sale	(21,697)	—
Effect of exchange rate changes on cash and cash equivalents	65	(583)
Cash and cash equivalents at beginning of period	626,595	468,554
Cash and cash equivalents at end of period	\$603,461	\$153,423
Supplemental Disclosures:		
Cash paid for interest, net of amounts capitalized of \$303 and \$641, respectively	\$61,099	\$12,497
Cash paid for income taxes	\$—	\$—
Schedule of non-cash activities:		
Additions of asset retirement obligation (ARO) assets and liabilities	\$4,125	\$23,815
ARO assets and obligations from acquisitions	\$136	\$17,705
Long-term debt assumed in connection with acquisitions	\$—	\$132,697

See accompanying notes to unaudited condensed consolidated financial statements.

TERRAFORM POWER, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of Operations

TerraForm Power, Inc. ("TerraForm Power") and its subsidiaries (the "Company") is a controlled affiliate of SunEdison, Inc. (together, with its consolidated subsidiaries excluding the Company, "SunEdison"). TerraForm Power is a holding company and its sole asset is an equity interest in TerraForm Power, LLC ("Terra LLC"), an owner of renewable energy facilities that have long-term contractual arrangements to sell the electricity generated by these facilities to third parties. The related green energy certificates, ancillary services and other environmental attributes generated by these facilities are also sold to third parties. TerraForm Power is the managing member of Terra LLC, and operates, controls and consolidates the business affairs of Terra LLC.

On April 21, 2016, SunEdison Inc. and certain of its domestic and international subsidiaries (the "SunEdison Debtors") voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code (the "SunEdison Bankruptcy"). The Company is not a part of the SunEdison Bankruptcy and has no plans to file for bankruptcy itself. The Company does not rely substantially on SunEdison for funding or liquidity and believes that the Company will have sufficient liquidity to support its ongoing operations. The Company believes its equity interests in its renewable energy facilities that are legally owned by the Company's subsidiaries are not available to satisfy the claims of the creditors of the SunEdison Bankruptcy.

While the Company continues to evaluate SunEdison's bankruptcy filings and will continue to monitor the conduct of the bankruptcy proceedings and work to assert and enforce any claims that it may have against SunEdison through those proceedings, the SunEdison Bankruptcy may have a material adverse effect on the Company given its reliance on SunEdison.

During the SunEdison Bankruptcy, SunEdison has not performed substantially as obligated under its agreements with the Company, including under the sponsorship arrangements consisting of the various corporate-level agreements put in place at the time of the Company's IPO (collectively the "Sponsorship Arrangement") and certain operation and maintenance ("O&M") and asset management arrangements. SunEdison's failure to perform substantially as obligated under its agreements with the Company, including under the Sponsor Arrangement, project-level O&M and asset management agreements and other support agreements, may have a material adverse effect on the Company. Despite these adverse effects, the Company expects that it will be able to operate its business without the support of SunEdison pursuant to the plans for transitioning away from reliance on SunEdison that it is in the process of implementing. These plans include, among other things, establishing stand-alone information technology, accounting and other critical systems and infrastructure, directly hiring employees, and retaining backup or replacement operation and maintenance and asset management services for the Company's wind and solar facilities from other providers. The Company's business will be negatively impacted to the extent it is unsuccessful in implementing the relevant plans or the resulting ongoing long-term costs are higher than the costs the Company expected to incur with SunEdison as a sponsor.

On September 25, 2016, the Company filed its initial proof of claim in the SunEdison Bankruptcy, which was amended on October 7, 2016. As set forth in the proofs of claim, the Company has unsecured claims against SunEdison that are estimated to be in excess of \$1.0 billion. These claims include, without limitation, claims for

damages relating to breach of SunEdison's obligations under the sponsorship arrangement between the Company and SunEdison and other agreements; contribution and indemnification claims arising from litigation; claims relating to SunEdison's breach of fiduciary, agency and other duties; and claims for interference with and the disruption of the business of the Company, including the loss of business opportunities, loss of business records, failure to provide timely audited financials, and the increased cost of financing and commercial arrangements. Many of these claims are contingent, unliquidated and/or disputed by SunEdison and other parties in interest in the SunEdison Bankruptcy, and the estimated amounts of these claims may change substantially as circumstances develop and damages are determined. In addition, recoveries on unsecured claims in the SunEdison Bankruptcy are expected to be significantly impaired. On December 1, 2016, the official committee of unsecured creditors of the SunEdison Bankruptcy filed an omnibus objection to the proofs of claim filed by the Company.

In addition, the Company believes that it may have claims entitled to administrative priority against SunEdison, including, without limitation, claims with respect to certain expenses that it has incurred after the commencement of the SunEdison Bankruptcy; however, the Company expects SunEdison and other parties in interest in the SunEdison Bankr

ruptcy to dispute both the amount of these claims and whether or not these claims are entitled to administrative priority over other claims against SunEdison.

On November 7, 2016, the official committee of unsecured creditors of the SunEdison Bankruptcy filed a notice of motion of leave, standing and authority to commence an action for, and settlement authority with respect to, avoidance claims against the Company arising intercompany transactions between the Company and SunEdison. The Company filed an objection to the standing motion on November 29, 2016. A hearing on the motion is scheduled for December 6, 2016. In addition, in the future, the Company believes that SunEdison may assert, or other parties with interest in the SunEdison Bankruptcy may seek to assert on SunEdison's behalf, certain claims against the Company. The Company intends to vigorously contest any avoidance claims asserted against it in the SunEdison Bankruptcy, including to the extent any such claims are brought by the official committee of unsecured creditors if it is successful in its standing motion.

The Company is currently engaged in settlement discussions with SunEdison to resolve, among other issues, intercompany claims and defenses, including the claims described in the preceding three paragraphs. While these settlement discussions remain ongoing and there can be no guarantee that a settlement will be reached, the Company believes that a successful settlement could facilitate the Company's exploration of strategic alternatives. Any settlement would be subject to the approval of the bankruptcy court in the SunEdison Bankruptcy.

In most of the Company's debt-financed projects, the SunEdison Debtors are a party to a material project agreement or guarantor thereof, such as being a party or guarantor to an asset management or O&M contract. As a result of the SunEdison Bankruptcy and delays in delivery of audited financial statements for certain project-level subsidiaries, among other things, the Company has experienced defaults under most of its non-recourse financing agreements; however, these defaults are generally curable. To date none of the non-recourse financings has been accelerated and no project-level lender has notified the Company of such lenders election to enforce project security interests. While the Company has obtained waivers or temporary forbearances with respect to certain of these project-level defaults, no assurances can be given that the Company will obtain waivers and/or permanent forbearance agreements for the remaining projects, or that none of the financings will be accelerated. The Company is continuing to monitor the situation and is developing and implementing plans to obtain operation and maintenance and asset management services for its renewable energy facilities from third parties. The Company's corporate-level Revolver and Indentures do not include an event of default provision directly triggered by the occurrence of the SunEdison Bankruptcy.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Our sponsor, SunEdison, Inc., and certain of its affiliates filed for bankruptcy on April 21, 2016. We believe that we have observed formalities and operating procedures to maintain our separate existence, that our assets and liabilities can be readily identified as distinct from those of SunEdison and that we do not rely substantially on SunEdison for funding or liquidity and will have sufficient liquidity to support our ongoing operations. Our contingency planning with respect to the SunEdison Bankruptcy has and will include, among other things, establishing stand-alone information technology, accounting and other critical systems and infrastructure, establishing separate human resources systems and employee retention efforts, and retaining backup or replacement operation and maintenance and asset management services for our power plants from other providers.

However, there is a risk that an interested party in the SunEdison Bankruptcy could request that the assets and liabilities of the Company be substantively consolidated with SunEdison and that the Company and/or its assets and liabilities be included in the SunEdison Bankruptcy. While it has not been requested to date and we believe there is no basis for substantive consolidation in our circumstances, we cannot assure you that substantive consolidation will not be requested in the future or that the bankruptcy court would not consider it. Substantive consolidation is an equitable remedy in bankruptcy that results in the pooling of assets and liabilities of the debtor and one or more of its affiliates solely for purposes of the bankruptcy case, including for purposes of distributions to creditors and voting on and treatment under a reorganization plan. Bankruptcy courts have broad equitable powers, and as a result, outcomes in bankruptcy proceedings are inherently difficult to predict.

To the extent the bankruptcy court were to determine that substantive consolidation was appropriate under the Company's facts and circumstances, then the assets and liabilities of the Company could be made available to help satisfy the debt or contractual obligations of SunEdison.

Additionally, there have been covenant defaults under a number of our financing arrangements, mainly because of delays in the delivery of project-level audited financial statements and the delay in the filing of the Company's audited annual financial statements for 2015 on Form 10-K. In addition, in a number of cases the SunEdison Bankruptcy resulted in defaults because SunEdison Debtors have been serving as operation and maintenance and asset management services providers or as guarantors under relevant contracts. We have been working diligently with our lenders to cure or waive instances of default, including through the completion of project-level audits and the retention of replacement service providers. However, there can be no assurance that all remaining defaults will be cured or waived. If the remaining defaults are not cured or waived, this would restrict the ability of the project-level subsidiaries to make distributions to us, which may affect our ability to meet certain covenants related to our revolving credit facility at the corporate level, or entitle the related lenders to demand repayment or enforce their security interests, which could have a material adverse effect on our business, results of operations, financial condition and ability to pay dividends.

The risk of substantive consolidation of the Company with SunEdison and inclusion in the SunEdison Bankruptcy as well as the existing covenant defaults and risks of future covenant defaults under a number of our financing agreements, raise substantial doubt about the Company's ability to continue as a going concern.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the Securities and Exchange Commission's ("SEC") regulations for interim financial information. Accordingly, they do not include all of the information and notes required by U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. The financial statements should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the Company's annual financial statements for the year ended December 31, 2015. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Company's unaudited condensed consolidated financial position as of March 31, 2016, the results of operations and comprehensive loss for the three months ended March 31, 2016 and 2015, and cash flows for the three months ended March 31, 2016 and 2015.

The Company is required to recast historical financial statements when renewable energy facilities are acquired from SunEdison. The recast reflects the assets and liabilities and the results of operations of the acquired renewable energy facilities for the period the facilities were owned by SunEdison, which is in accordance with applicable rules governing transactions between entities under common control.

Use of Estimates

In preparing the unaudited condensed consolidated financial statements, the Company used estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements. Such estimates also affect the reported amounts of revenues, expenses and cash flows during the reporting period. To the extent there are material differences between the estimates and actual results, the Company's future results of operations would be affected.

Assets Held for Sale

The Company records assets held for sale at the lower of the carrying value or fair value less costs to sell. The following criteria are used to determine if property is held for sale: (i) management has the authority and commits to a plan to sell the property; (ii) the property is available for immediate sale in its present condition; (iii) there is an active program to locate a buyer and the plan to sell the property has been initiated; (iv) the sale of the property is probable within one year; (v) the property is being actively marketed at a reasonable price relative to its current fair value; and (vi) it is unlikely that the plan to sell will be withdrawn or that significant changes to the plan will be made.

In determining the fair value of the assets less cost to sell, the Company considers factors including current sales prices for comparable assets in the region, recent market analysis studies, appraisals and any recent legitimate offers. If the estimated fair value less cost to sell of an asset is less than its current carrying value, the asset is written down to its estimated fair value less cost to sell. Due to uncertainties in the estimation process, it is reasonably possible that actual results could differ from the estimates used in the Company's historical analysis. The Company's assumptions about project sales prices require significant judgment because the current market is highly sensitive to changes in economic conditions. The Company estimated the fair values of assets held for sale based on current market conditions and assumptions made by management, which may differ from actual results and may result in additional impairments if market conditions deteriorate.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU No. 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU No. 2014-09 will become effective for the Company on January 1, 2018. Early application is permitted but not before January 1, 2017. ASU No. 2014-09 permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the effect that ASU No. 2014-09 will have on its consolidated statements of operations and related disclosures. The Company has not yet selected a transition method or determined the effect of ASU No. 2014-09 on its ongoing financial reporting.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis, which affects the following areas of the consolidation analysis: limited partnerships and similar entities, evaluation of fees paid to a decision maker or service provider as a variable interest and in determination of the primary beneficiary, effect of related parties on the primary beneficiary determination and for certain investment funds. ASU No. 2015-02 is effective on a retrospective basis for the Company for the fiscal year ending December 31, 2016 and interim periods therein. The Company adopted ASU No. 2015-02 as of January 1, 2016, which resulted in certain of our consolidated subsidiaries to be considered variable interest entities. No unconsolidated investments were consolidated and no consolidated subsidiaries were deconsolidated as a result of implementing this standard.

In April 2015, the FASB issued ASU No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability. In August 2015, the FASB issued ASU No. 2015-15 Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, in which an entity may defer and present debt issuing costs associated with line-of-credit arrangements as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. ASU No. 2015-03 and ASU No. 2015-15 are effective on a retrospective basis for annual and interim periods beginning on or after December 15, 2015. The Company adopted ASU No. 2015-03 and ASU No. 2015-15 as of January 1, 2016, resulting in a reclassification of \$39.8 million and \$43.1 million from deferred financing costs, net to long-term debt and financing lease obligations, including current portion, as of March 31, 2016 and December 31, 2015, respectively.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which primarily changes the lessee's accounting for operating leases by requiring recognition of lease right-of-use assets and lease liabilities. This standard is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the effect of ASU No. 2016-02 on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718). This update was issued as part of the FASB's simplification initiative and affects all entities that issue share-based payment awards to their employees. The amendments in this update cover such areas as the recognition of excess tax benefits and deficiencies, the classification of those excess tax benefits on the statement of cash flows, an accounting policy election for forfeitures, the amount an employer can withhold to cover income taxes and still qualify for equity classification and the classification of those taxes paid on the statement of cash flows. This update is effective for annual and interim periods beginning after December 31, 2016, which will require the Company to adopt these provisions in the first quarter of fiscal 2018. This guidance will be applied either prospectively, retrospectively or using a modified retrospective transition method, depending on the area covered in this update. Early adoption is permitted. The Company has not yet selected a transition date nor has it determined the effect of the standard on its ongoing financial reporting.

In March 2016, the FASB issued ASU No. 2016-07, Investments - Equity Method and Joint Ventures (Topic 323). The amendments of ASU No. 2016-07 eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting with no retroactive adjustment to the investment. In addition, ASU No. 2016-07 requires that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The guidance in ASU No. 2016-07 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. The adoption of ASU No. 2016-07 is required to be applied prospectively and early adoption is permitted. The Company does not expect the standard to have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments. The amendments of ASU No. 2016-15 were issued to address eight specific cash flow issues for which stakeholders have indicated to the FASB that a diversity in practice existed in how entities were presenting and classifying these items in the statement of cash flows. The issues addressed by ASU No. 2016-15 include but are not limited to the classification of debt prepayment and debt extinguishment costs, payments made for contingent consideration for a business combination, proceeds from the settlement of insurance proceeds, distributions received from equity method investees and separately identifiable cash flows and the application of the predominance principle. The amendments of ASU No. 2016-15 are effective for public entities for fiscal years beginning after December 15, 2017 and interim periods in those fiscal years. Early adoption is permitted, including adoption in an interim fiscal period with all amendments adopted in the same period. The adoption of ASU No. 2016-15 is required to be applied retrospectively. The Company is currently evaluating the impact of the standard on its consolidated statements of cash flows.

In October 2016, the FASB issued ASU No. 2016-16, Income Taxes (Topic 740), Intra-Entity Transfers of Assets Other Than Inventory. The amendments of ASU No. 2016-16 were issued to improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. Current GAAP prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party which has resulted in diversity in practice and increased complexity within financial reporting. The amendments of ASU No. 2016-16 would require an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs and do not require new disclosure requirements. The amendments of ASU No. 2016-16 are effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted and the adoption of ASU No. 2016-16 should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

2. TRANSACTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

Recast of Historical Financial Statements

During the three months ended March 31, 2016, the Company acquired renewable energy facilities with a combined nameplate capacity of 19.2 MW from SunEdison, which resulted in a recast of the consolidated balance sheet as of December 31, 2015. The facilities acquired from SunEdison during the three months ended March 31, 2016 were not

in operation in 2015 and there was no impact to the unaudited condensed consolidated statement of operations, unaudited condensed consolidated statement of comprehensive loss or unaudited condensed consolidated statement of cash flows for the three months ended March 31, 2015 as a result of these acquisitions.

The following table presents changes to previously reported amounts of the Company's consolidated balance sheet as of December 31, 2015 included in the Company's Annual Report on Form 10-K:

(In thousands)	As Reported	Recast Adjustments	As Recasted
Balance Sheet Caption			
Renewable energy facilities, net	\$5,802,380	\$ 31,854	\$5,834,234
Other assets	119,960	383	120,343
Change in total assets		\$ 32,237	
Current portion of long-term debt and financing lease obligations	\$2,014,331	\$ 23,588	\$2,037,919
Accounts payable, accrued expenses and other current liabilities	150,721	2,325	153,046
Due to SunEdison, net	20,274	6,324	26,598
Change in total liabilities		\$ 32,237	

As a result of the Company's acquisition of renewable energy facilities from SunEdison during the last nine months of 2015, the following table presents changes to the Company's previously reported unaudited condensed consolidated statement of comprehensive loss for the three months ended March 31, 2015 included in the Company's Quarterly Report on Form 10-Q dated May 7, 2015. These adjustments are required to reflect the activity of the renewable energy facilities for the period owned by SunEdison in accordance with rules applicable to transactions between entities under common control.

(In thousands)	As Reported	Recast Adjustments	As Recasted
Statement of Comprehensive Loss			
Other comprehensive income (loss), net of tax:			
Hedging activities:			
Net unrealized (loss) gain arising during the period, net of tax	\$ (2,248)	\$ 12,500	\$ 10,252
Change in total comprehensive loss		12,500	
Less: Pre-acquisition other comprehensive income of renewable energy facilities acquired from SunEdison	\$ —	12,500	\$ 12,500
Change in comprehensive loss attributable to Class A common stockholders		\$ —	

As a result of the Company's acquisition of renewable energy facilities from SunEdison during the last nine months of 2015, the following table presents changes to the Company's previously reported unaudited condensed consolidated statement of cash flows for the three months ended March 31, 2015 included in the Company's Quarterly Report on Form 10-Q dated May 7, 2015. These adjustments are required to reflect the activity of the renewable energy facilities for the period owned by SunEdison in accordance with rules applicable to transactions between entities under common control.

(In thousands)	As Reported	Recast Adjustments	As Recasted
Statement of Cash Flows Caption			
Cash flows from investing activities:			
Cash paid to third parties for renewable energy facility construction	\$(82,758)	\$ (99,607)	\$(182,365)
Acquisitions of renewable energy facilities from third parties, net of cash acquired	(810,720)	(187,248)	(997,968)
Change in restricted cash	494	(2,544)	(2,050)
Change in net cash used in investing activities		(289,399)	
Cash flows from financing activities:			
Borrowings of non-recourse long-term debt	275,987	60,451	336,438
Principal payments on non-recourse long-term debt	(2,910)	(12,984)	(15,894)
Due to SunEdison, net	(148,998)	242,514	93,516
Change in net cash provided by financing activities		289,981	
Net decrease in cash and cash equivalents	(315,130)	582	(314,548)
Effect of exchange rate changes on cash and cash equivalents	(1)	(582)	(583)
Cash and cash equivalents at beginning of period	468,554	—	468,554
Cash and cash equivalents at end of period	\$153,423	\$ —	\$153,423

Acquisitions of Renewable Energy Facilities from SunEdison

The assets and liabilities transferred to the Company for the acquisitions of renewable energy facilities relate to interests under common control with SunEdison, and accordingly, have been recorded at historical cost. The difference between the cash purchase price and historical cost of the net assets acquired has been recorded as a contribution from SunEdison.

The following table summarizes the renewable energy facilities acquired by the Company from SunEdison through a series of transactions:

Facility Category	Type	Location	Three Months Ended March 31, 2016		As of March 31, 2016		
			Name	Initial Cash Paid ¹	Cash Due to SunEdison ²	Debt Transferred ³	
Distributed Generation	Solar	U.S.	1.2 3	\$2,750	\$—	\$ —	
Utility	Solar	U.S.	18.0 1	6,954	29,277	16,703	
Total			19.2 4	\$9,704	\$29,277	\$ 16,703	

(1) Represents the amount paid to SunEdison on the date of acquisition of renewable energy facilities from SunEdison.

(1) Excludes aggregated tax equity partner payments of \$1.6 million to SunEdison.

(2) Represents commitments by the Company to SunEdison for the amount required for SunEdison to complete the construction of renewable energy facilities acquired from SunEdison, which was paid to SunEdison during the third quarter of 2016. This commitment is not recorded on the Company's balance sheet as of March 31, 2016 (see

Note 17. Related Parties).

Represents debt recorded on the Company's balance sheet as of March 31, 2016. This debt was repaid by (3) SunEdison during the third quarter of 2016 using cash proceeds paid by the Company for the acquisition of these facilities.

During the three months ended March 31, 2016, the Company paid \$7.7 million to SunEdison for the acquisition of renewable energy facilities that had achieved commercial operations as of March 31, 2016. Additionally, during the three months ended March 31, 2016, the Company paid \$2.0 million to SunEdison for facilities acquired from SunEdison that had not achieved commercial operations as of March 31, 2016.

3. ASSETS HELD FOR SALE

The Company commenced a sale of substantially all of its portfolio of solar power plants located in the United Kingdom (the "U.K.") through a broad based sales process pursuant to a plan approved by management, and it is probable that the sale of this portfolio will occur within one year from the balance sheet date. As a result, the Company classified \$672.9 million of assets and \$495.8 million of liabilities as held for sale and measured each at the lower of carrying value or fair value less cost to sell. The Company's analysis indicated that the fair value less costs to sell exceeded the carrying value of the assets and no impairment losses were recognized during the three months ended March 31, 2016. As of the financial statement issuance date, the Company had entered negotiations with a preferred bidder.

The following table summarizes the major classes of assets and liabilities which are classified as held for sale on the Company's unaudited condensed consolidated balance sheet as of March 31, 2016:

(In thousands)	March 31, 2016
Assets held for sale:	
Cash and cash equivalents	\$21,697
Restricted cash	22,930
Accounts receivable, net	7,251
Prepaid expenses and other current assets	3,847
Total current assets held for sale	55,725
Renewable energy facilities, net	615,052
Intangible assets, net	1,733
Other assets	419
Total non-current assets held for sale	617,204
Total assets held for sale	\$672,929
Liabilities related to assets held for sale:	
Current portion of long-term debt	\$425,301
Accounts payable, accrued expenses and other current liabilities	25,021
Due to SunEdison, net	940
Total current liabilities related to assets held for sale	451,262
Asset retirement obligations	44,563
Total non-current liabilities related to assets held for sale	44,563
Total liabilities related to assets held for sale	\$495,825

4. ACQUISITIONS

2015 Acquisitions

Acquisition of Invenergy Wind Power Plants

On December 15, 2015, the Company acquired operating wind power plants with a combined nameplate capacity of 831.5 MW (net) from Invenergy Wind Global LLC (together with its subsidiaries, "Invenergy Wind") for \$1.3 billion in cash and the assumption of \$531.2 million of non-recourse indebtedness. The wind power plants that the Company acquired from Invenergy Wind have contracted PPAs with a weighted-average remaining contract life of 17 years and an average counterparty credit rating of AA. Invenergy Wind will retain a 9.9% non-controlling interest in wind power plants located in the U.S. that the Company acquired and will provide certain operation and maintenance services for such assets.

Initial Accounting for Invenergy Wind

The initial accounting for the Invenergy Wind acquisition has not been completed because the evaluation necessary to assess the fair values of certain net assets acquired is still in process. The provisional amounts for these acquisitions, included in the table within the "Acquisition Accounting" section of this footnote below, are subject to revision until these evaluations are completed. There were no measurement period adjustments recognized during the three months ended March 31, 2016.

The operating revenues and net income of Invenergy Wind acquired in 2015 reflected in the consolidated statements of operations for the three months ended March 31, 2016 are \$41.4 million and \$16.3 million, respectively.

Valuation of Non-controlling Interest

Invenergy Wind

The fair value of the non-controlling interest for Invenergy Wind was determined using a discounted cash flow approach. The redeemable non-controlling interest represents the fair value of 9.9% sponsor equity held by Invenergy Wind. SunEdison LLC, a wholly owned subsidiary of SunEdison, acting as intermediary, entered into certain option arrangements with Invenergy Wind for its remaining 9.9% interest in the wind power plants located in the U.S. (the "Invenergy Wind Interest"). Simultaneously, Terra LLC entered into a back to back option agreement with SunEdison LLC on substantially identical terms (collectively the "Option Agreements"). The Option Agreements effectively permit (i) Terra LLC to exercise a call option to purchase the Invenergy Wind Interest over a 180-day period beginning on September 30, 2019, and (ii) Invenergy Wind to exercise a put option with respect to the Invenergy Wind Interest over a 180-day period beginning on September 30, 2018. The exercise prices of the put and call options described above would be based on the determination of the fair market value of the Invenergy Wind Interest at the time the relevant option is exercised, subject to certain minimum and maximum thresholds set forth in the Option Agreements. SunEdison LLC is a debtor in the SunEdison Bankruptcy. As such, SunEdison LLC may assume, assume and assign or reject its Option Agreement. If SunEdison LLC rejects its Option Agreement, we would not expect to be obligated to perform on our Option Agreement, although we cannot assure that result.

Unaudited Pro Forma Supplementary Data

The unaudited pro forma supplementary data presented in the table below gives effect to the material 2015 acquisitions, Invenergy Wind, First Wind and Northern Lights, as if those transactions had each occurred on January 1, 2015. The unaudited pro forma supplementary data is provided for informational purposes only and should not be

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construed to be indicative of the Company's results of operations had the acquisitions been consummated on the date assumed or of the Company's results of operations for any future date.

	Three
	Months
	Ended
	March 31,
(In thousands)	2015
Total operating revenues, net	\$ 112,947
Net loss	(61,807)

Acquisition costs incurred by the Company related to third party acquisitions were \$2.7 million and \$14.2 million for the three months ended March 31, 2016 and 2015. These costs are reflected as acquisition and related costs and acquisition and related costs - affiliate in the consolidated statements of operations.

Acquisition Accounting

The estimated acquisition-date fair values of assets, liabilities and non-controlling interests pertaining to the Invenenergy Wind business combination as of March 31, 2016, are as follows:

(In thousands)	Invenenergy Wind
Renewable energy facilities	\$1,486,746
Accounts receivable	25,811
Intangible assets	748,300
Restricted cash	31,247
Derivative assets	32,311
Other assets	12,070
Total assets acquired	2,336,485
Accounts payable, accrued expenses and other current liabilities	23,195
Long-term debt, including current portion	531,221
Deferred income taxes	242
Asset retirement obligations	47,346
Other long-term liabilities	6,004
Total liabilities assumed	608,008
Redeemable non-controlling interest	141,415
Non-controlling interest	308,000
Purchase price, net of cash acquired	\$1,279,062

The acquired renewable energy facilities' non-financial assets represent estimates of the fair value of acquired PPA and REC contracts based on significant inputs that are not observable in the market and thus represent a Level 3 measurement (as defined in Note 11. Fair Value Measurements). The estimated fair values were determined based on an income approach and the estimated useful lives of the intangible assets range from 5 to 23 years. See Note 6. Intangibles for additional disclosures related to the acquired intangible assets.

Pending Acquisitions

Acquisition of Wind Power Plants from Invenenergy Wind

At the time the Company entered into an acquisition agreement for the Invenenergy assets acquired on December 15, 2015, the Company also agreed to purchase two additional wind facilities from Invenenergy Wind in a second closing, subject to customary closing conditions, including the consent of the tax equity finance parties for the wind power plants. The facilities have a combined nameplate capacity of 98.6 MW (net) and are located in Nebraska. The second closing has not occurred and the purchase agreement contains a July 1, 2016 expiration date. As a result, while the purchase agreement remains in force, Invenenergy and the Company have the right to terminate the purchase agreement with respect to these two additional facilities at any time. These two wind facilities would be acquired through the acquisition of a 90.1% equity interest in Prairie Breeze Expansion Class B Holdings LLC for an estimated purchase price of \$58.7 million which would be expected to be paid using cash on hand. However, both the Company or Invenenergy Wind may determine not to consummate the acquisition. If the purchase agreement is terminated by either party, the Company will not purchase these facilities.

Termination of Obligation to Acquire Vivint Solar Assets from SunEdison

On July 20, 2015, SunEdison and Vivint Solar, Inc. ("Vivint Solar") signed a definitive merger agreement (the "SunEdison/Vivint Merger Agreement") pursuant to which SunEdison would acquire Vivint Solar for approximately \$1.3 billion. In connection with SunEdison's then-pending acquisition of Vivint Solar, the Company entered into a definitive

purchase agreement with SunEdison, as amended on December 9, 2015, (the "Amended Purchase Agreement") to acquire Vivint Solar's residential solar generation facilities (the "Vivint Operating Assets"). The purchase price for the Vivint acquisition was expected to be approximately \$814.8 million based on approximately 479.3 of installed MW expected to be acquired at the closing of the Amended Purchase Agreement. In connection with the purchase, the Company also obtained a commitment for a senior unsecured bridge facility in July of 2015 to fund the acquisition of Vivint Operating Assets, including related acquisition costs. See Note 8. Long-term debt for additional disclosures of this bridge facility. The Company entered into an interim agreement (the "Vivint Interim Agreement"), as amended on December 9, 2015, relating to, among other items, the Company's purchase of additional completed residential and small commercial solar generation facilities for a five year period from the acquired business and the provision of operation and maintenance services by SunEdison for the Vivint Operating Assets. The Company also entered a letter agreement with SunEdison, dated as of December 9, 2015 (the "Letter Agreement"), to provide the parties thereto with additional rights in connection with the Amended Purchase Agreement and the Vivint Interim Agreement.

As a result of Vivint Solar's notice of termination of the SunEdison/Vivint Merger Agreement, dated as of March 7, 2016, each of the Amended Purchase Agreement and the Vivint Interim Agreement, and all other agreements related thereto, including the Letter Agreement, and the Company's obligations pursuant thereto, terminated on March 7, 2016. The commitment for the bridge facility, as amended and restated, also automatically terminated as of the same date. The Company, SunEdison, certain other parties and individuals have been named as defendants in several putative shareholder class actions that challenged the Vivint Solar and SunEdison merger (see Note 16. Commitments and Contingencies for additional disclosures over this litigation).

5. RENEWABLE ENERGY FACILITIES

Renewable energy facilities, net consists of the following:

(In thousands)	March 31, 2016	December 31, 2015
Renewable energy facilities in service, at cost	\$5,389,246	\$5,906,154
Less accumulated depreciation - renewable energy facilities	(206,940)	(187,874)
Renewable energy facilities in service, net	5,182,306	5,718,280
Construction in progress - renewable energy facilities	26,066	115,954
Total renewable energy facilities, net	\$5,208,372	\$5,834,234

Depreciation expense related to renewable energy facilities was \$49.2 million and \$25.1 million for the three months ended March 31, 2016 and 2015, respectively.

Construction in progress represents \$26.1 million of costs incurred to complete the construction of the facilities in the Company's current portfolio that were acquired from SunEdison. When renewable energy facilities are sold to the Company after completion by SunEdison, the Company retroactively recasts its historical financial statements to present the construction activity as if it consolidated the facility at inception of the construction (see Note 2. Transactions Between Entities Under Common Control). All construction in progress costs are stated at SunEdison's historical cost. These costs include capitalized interest costs and amortization of deferred financing costs incurred during the asset's construction period, which totaled \$0.3 million and \$0.6 million for the three months ended March 31, 2016 and 2015, respectively.

As of March 31, 2016, the Company reclassified \$615.1 million from renewable energy facilities, net to non-current assets held for sale in the unaudited condensed consolidated balance sheet (see Note 3. Assets Held for Sale). No amount was reclassified as assets held for sale as of December 31, 2015.

6. INTANGIBLES

The following table presents the gross carrying amount and accumulated amortization of intangibles as of March 31, 2016:

(In thousands, except weighted-average amortization period)	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Favorable rate revenue contracts	17 years	\$719,660	\$ (23,993)	\$695,667
In-place value of market rate revenue contracts	20 years	555,717	(29,062)	526,655
Favorable rate land leases	19 years	15,800	(932)	14,868
Total intangible assets, net		\$1,291,177	\$ (53,987)	\$1,237,190
Unfavorable rate revenue contracts	8 years	\$35,086	\$ (6,420)	\$28,666
Unfavorable rate land lease	17 years	1,000	(65)	935
Total intangible liabilities, net		\$36,086	\$ (6,485)	\$29,601

The following table presents the gross carrying amount and accumulated amortization of intangibles as of December 31, 2015:

(In thousands, except weighted-average amortization period)	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Favorable rate revenue contracts	17 years	\$714,137	\$ (12,024)	\$702,113
In-place value of market rate revenue contracts	20 years	551,226	(22,229)	528,997
Favorable rate land leases	19 years	15,800	(746)	15,054
Total intangible assets, net		\$1,281,163	\$ (34,999)	\$1,246,164
Unfavorable rate revenue contracts	8 years	\$35,086	\$ (4,951)	\$30,135
Unfavorable rate land lease	17 years	1,000	(51)	949
Total intangible liabilities, net		\$36,086	\$ (5,002)	\$31,084

As of March 31, 2016 and December 31, 2015, the Company had intangible assets related to revenue contracts, representing long-term PPAs and REC agreements, and favorable rate land leases that were obtained through acquisitions (see Note 4. Acquisitions). The revenue contract intangible assets are comprised of favorable rate PPAs and REC agreements and the in-place value of market rate PPAs. The Company also had intangible liabilities related to unfavorable rate PPAs and REC agreements and an unfavorable rate land lease, which are classified within other long-term liabilities in the unaudited condensed consolidated balance sheet. These intangible assets and liabilities are amortized on a straight-line basis over the remaining lives of the agreements, which range from 1 to 29 years as of March 31, 2016.

Amortization expense related to favorable rate revenue contracts is reflected in the unaudited condensed consolidated statements of operations as a reduction of operating revenues, net. Amortization related to unfavorable rate revenue contracts is reflected in the unaudited condensed consolidated statements of operations as an increase to operating revenues, net. During the three months ended March 31, 2016 and 2015, amortization expense related to favorable and unfavorable rate revenue contracts resulted in a \$10.5 million decrease and \$0.3 million increase in operating revenues, net, respectively.

Amortization expense related to the in-place value of market rate revenue contracts is reflected in the unaudited condensed consolidated statements of operations within depreciation, accretion and amortization expense. During the three months ended March 31, 2016 and 2015, amortization expense related to the in-place value of market rate revenue contracts was \$6.8 million and \$5.7 million, respectively.

Amortization expense related to favorable rate land leases is reflected in the unaudited condensed consolidated statements of operations within cost of operations. Amortization related to the unfavorable rate land lease is reflected in the unaudited condensed consolidated statements of operations as a reduction of cost of operations. During the three months ended March 31, 2016, net amortization expense related to favorable and unfavorable rate land leases was \$0.2 million. There was no amortization expense related to favorable and unfavorable rate land leases during the three months ended March 31, 2015.

7. VARIABLE INTEREST ENTITIES

The Company consolidates variable interest entities ("VIEs") in renewable energy facilities when the Company is the primary beneficiary. The VIEs own and operate renewable energy facilities in order to generate contracted cash flows. The VIEs were funded through a combination of equity contributions from the owners and non-recourse project-level debt. No VIEs were deconsolidated during the three months ended March 31, 2016 and 2015.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Company's unaudited condensed consolidated balance sheets are as follows:

(In thousands)	March 31, 2016	December 31, 2015
Current assets	\$191,507	\$ 180,287
Non-current assets	4,596,080	4,584,886
Total assets	\$4,787,587	\$ 4,765,173
Current liabilities	\$1,062,052	\$ 1,043,892
Non-current liabilities	205,551	202,629
Total liabilities	\$1,267,603	\$ 1,246,521

The amounts shown in the table above exclude intercompany balances which are eliminated upon consolidation. All of the assets in the table above are restricted for settlement of the VIE obligations, and all of the liabilities in the table above can only be settled by using VIE resources.

8. LONG-TERM DEBT

Long-term debt consists of the following:

(In thousands, except rates) Description:	March 31, 2016	December 31, 2015	Interest Type	Current Interest Rate (%)	Financing Type
Corporate-level long-term debt ¹ :					
Senior Notes due 2023	\$950,000	\$ 950,000	Fixed	5.88	Senior notes
Senior Notes due 2025	300,000	300,000	Fixed	6.13	Senior notes
Revolver	655,000	655,000	Variable	4.29	Revolving loan
Non-recourse long-term debt ² :					
Permanent financing	2,102,104	2,546,864	Blended ³	6.04 ⁴	Term debt / Senior notes
Construction financing	16,703	38,063	Variable	6.00	Construction debt
Financing lease obligations	133,710	136,594	Imputed	5.67 ⁴	Financing lease obligations
Total principal due for long-term debt and financing lease obligations	4,157,517	4,626,521		5.72	
Unamortized discount, net	(10,849)	(20,821)			
Deferred financing costs, net ⁵	(39,815)	(43,051)			
	(1,575,383)	(2,037,919)			

Less current portion of long-term debt
and financing lease obligations

Long-term debt and financing lease obligations, less current portion	\$2,531,470	\$2,524,730
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Corporate-level debt represents debt issued by Terra Operating LLC and guaranteed by Terra LLC and certain (1) subsidiaries of Terra Operating LLC other than non-recourse subsidiaries as defined in the relevant debt agreements.

(2) Non-recourse debt represents debt issued by subsidiaries with no recourse to Terra LLC, Terra Operating LLC, or guarantors of the Company's corporate-level debt, other than limited or capped contingent support obligations, which in aggregate are not considered to be material to the Company's business and financial condition.

(3) Includes variable rate debt and fixed rate debt. As of March 31, 2016, 60% of this balance had a variable interest rate and the remaining 40% of this balance had a fixed interest rate. The Company has entered into interest rate swap agreements to fix the interest rates of certain variable rate permanent financing non-recourse debt (see Note 10. Derivatives).

(4) Represents the weighted average interest rate as of March 31, 2016.

(5) Total net long-term debt and financing lease obligations, including current portion, reflects the reclassification of deferred financing costs to reduce long-term debt as further described in Note 1. Nature of Operations and Basis of Presentation.

Corporate-level Long-term Debt

Senior Notes due 2023 and Senior Notes due 2025

The Senior Notes due 2023 and the Senior Notes due 2025 require the Company to timely file with the SEC, or make publicly available, audited annual financial statements for the fiscal year 2015 and unaudited quarterly financial statements for the fiscal year 2016 no later than 60 days following the date required by the SEC's rules and regulations (including extensions thereof). The Company has a 90 day grace period from the date a notice of default is deemed to be duly given to Terra Operating LLC in accordance with the Senior Notes due 2023 and the Senior Notes due 2025. On May 31, 2016, Terra Operating LLC received a notice from the trustee of an event of default for failure to deliver 2015 audited annual financial statements.

On June 24, 2016, the Company announced the commencement by Terra Operating LLC of a consent solicitation from holders of record as of 5:00 p.m., New York City time, on June 23, 2016 of its Senior Notes due 2023 and its Senior Notes due 2025 to obtain waivers relating to certain reporting covenants under the indenture dated as of January 28, 2015 (as supplemented) with respect to the Senior Notes due 2023 (the "2023 Indenture") and the indenture dated as of July 17, 2015 (as supplemented) with respect to the Senior Notes due 2025 (the "2025 Indenture"), in each case, through December 31, 2016, in exchange for payment of a consent fee and monthly waiver extension fees beginning on August 29, 2016. The consent solicitation was set to expire on June 30, 2016 but was extended to August 19, 2016.

On August 19, 2016, the Company announced the commencement by Terra Operating LLC of an amended and restated solicitation of consents from holders of record as of 5:00 p.m., New York City time, on August 16, 2016 of its Senior Notes due 2023 and its Senior Notes due 2025 to obtain waivers relating to certain reporting covenants under the 2023 Indenture and the 2025 Indenture and to effectuate certain amendments to the respective indentures. The consent solicitation was set to expire on August 26, 2016.

On August 30, 2016, the Company announced the successful completion of the amended and restated solicitation of consents. Terra Operating LLC received validly delivered and unrevoked consents by August 26, 2016 from the holders of a majority of the aggregate principal amount of each series of the notes outstanding as of the record date and paid a consent fee to each consenting holder of \$5.00 for each \$1,000 principal amount of such series of the notes for which such holder delivered its consent. Under the terms of the waivers obtained, the deadline to comply with the

reporting covenants in the indentures relating to the filing of the Company's Form 10-K for 2015 and Form 10-Q for the first quarter of 2016 was extended to December 6, 2016. If the Form 10-Q for the second quarter of 2016 is not filed by December 6, 2016, which we do not expect to occur, a grace period for delivery of such form would still apply, and consequently no event of default would occur unless such Form 10-Q were not filed by early 2017.

Following receipt of the requisite consents required to approve the amendments to the respective indentures, Terra Operating LLC entered into a fourth supplemental indenture to the 2023 Indenture and a third supplemental indenture to the 2025 Indenture on August 29, 2016. Effective as of September 6, 2016, the fourth and third supplemental indentures respectively permanently increase the interest rate payable on the Senior Notes due 2023 from 5.875% per annum to 6.375% per annum and the interest rate payable on the Senior Notes due 2025 from 6.125% per annum to 6.625% per annum. In addition, beginning on September 6, 2016 through and including December 6, 2016, special interest will accrue on the Senior Notes due 2023 and the Senior Notes due 2025 at a rate equal to 3.0% per annum, which shall be payable in the same manner as regular interest payments on the first interest payment date following December 6, 2016, which is February 1, 2017 and

December 15, 2016, for the Senior Notes due 2023 and the Senior Notes due 2025, respectively. The fourth and third supplemental indentures also require the Company, upon the consummation of any transaction resulting in any person becoming the beneficial owner of 33.3% or more but less than or equal to 50% of the voting stock of the Company, to make an offer to each holder of the Senior Notes due 2023 and the Senior Notes due 2025, respectively, to repurchase all or any part of that holder's notes at a purchase price in cash equal to 101% of the aggregate principal amount of such notes repurchased. In lieu of making such an offer under either the 2023 Indenture or the 2025 Indenture, the applicable supplemental indenture also provides that Terra Operating LLC may elect to deliver a notice to the trustee under the 2023 Indenture or the 2025 Indenture, as applicable, to permanently increase the interest rates payable on the Senior Notes due 2023 from 6.375% per annum to 7.375% per annum or the interest rate on the Senior Notes due 2025 from 6.625% per annum to 7.625% per annum, respectively.

On November 15, 2016, the Company announced the commencement by Terra Operating LLC of a consent solicitation from holders of record as of 5:00 p.m., New York City time, on November 14, 2016 of its Senior Notes due 2023 and its Senior Notes due 2025 to obtain additional waivers relating to certain reporting covenants under the 2023 Indenture and the 2025 Indenture. The proposed waiver would waive any and all defaults or events of default existing as of December 6, 2016 as a result of the expiration of the waivers obtained and discussed above, and the consequences thereof, from December 6, 2016 until January 6, 2017, in exchange for payment of consent fees. The consent solicitation expired on December 2, 2016, with no waiver obtained.

Revolving Credit Facility

The terms of the Revolver require the Company to provide audited annual financial statements within 90 days after the end of the fiscal year, with a 10-business day cure period. From March 30, 2016 to May 6, 2016, Terra Operating LLC entered into a series of amendments (fourth, fifth and sixth) to the terms of the Revolver, which provided that the date on which the Company must deliver to the Administrative Agent and other parties to the Revolver its annual financial statements and accompanying audit report with respect to fiscal year 2015 shall be extended up to May 28, 2016. Under the sixth amendment, the interest rate on loans made under the Revolver and commitment fees paid on undrawn Revolver commitments will be calculated using the highest applicable margin and commitment fee percentage under the Revolver until the first business day of the first quarter following the delivery of 2015 financial statements and the accompanying audit report. On May 27, 2016, Terra Operating LLC entered into a seventh amendment to the Revolver, which further extended the due date for delivery of the Company's 2015 financial statements and the accompanying audit report to the earlier of (a) the tenth business day prior to the date on which the failure to deliver such financial statements would constitute an event of default under Terra Operating LLC's 2023 Indenture and (b) March 30, 2017. Under the seventh amendment, Terra Operating LLC was also required to request a waiver of any default or event of default under the 2023 Indenture with respect to the Company's obligation to make available audited financial statements for fiscal year 2015. As described above, Terra Operating LLC obtained a waiver that extended the deadline to comply with the reporting covenants in the 2023 Indenture to December 6, 2016.

The seventh amendment also requires Terra LLC and Terra Operating LLC to cause certain project-level subsidiaries to guarantee the obligations under the Revolver and to provide certain collateral to the lenders and other secured parties under the Revolver, in each case, to the extent such subsidiaries are permitted to do so under any applicable project level financing or debt agreements or other project level agreements. These guarantees and the collateral will be automatically released to the extent such subsidiaries incur any project-level financings that would not permit such guarantees or collateral and that are otherwise permitted under the Revolver. The seventh amendment also amends the conditions under which Terra LLC and Terra Operating LLC are permitted to make distributions in respect of their equity, including by adding a requirement that Terra LLC and Terra Operating LLC satisfy a minimum Total Liquidity (as defined therein) at the time of making any such distribution. Although TerraForm Power is not a party to, or guarantor of Terra Operating LLC's obligations under, the Revolver, these conditions will also effectively apply to the payment of dividends by TerraForm Power on its Class A common stock.

The seventh amendment also extended the date by which the Company must deliver its unaudited quarterly financial statements for the fiscal quarter ending March 31, 2016 to June 30, 2016 and with respect to the fiscal quarters ending June 30, 2016 and September 30, 2016 to the date that is 75 days after the end of each fiscal quarter. The Company provided its unaudited quarterly financial statements for the fiscal quarters ending March 31, 2016 and June 30, 2016 to the Administrative Agent and other parties to the Revolver by the respective deadlines. Consistent with its obligations under the seventh amendment, Terra Operating LLC entered into an eighth amendment to the terms of the Revolver on September 9, 2016, which increased the interest rate under the Revolver at all applicable margin levels by 50% of the increase in the interest rate on the Senior Notes due 2023 agreed to as part of the consent solicitation process described above. This amendment will result in an

increase in the current interest rate payable under the Revolver by 1.75% for the period from September 6, 2016 to December 6, 2016 and, thereafter, an increase from the current interest rate by 0.25%.

On September 27, 2016, Terra Operating LLC entered into a consent agreement and ninth amendment to the terms of the Revolver. The ninth amendment modified the definition of Total Liquidity in the Revolver to include voluntary or mandatory permanent reductions in Revolving Commitments in the calculation of Total Liquidity. The consent agreement also provided consent for the cross-collateralization of certain utility scale assets located in Canada owned by subsidiaries of the Company as further described in the "Canada project-level financing" section below. In addition, in conjunction with this consent, the agreement provided that Terra Operating LLC would prepay \$70.0 million of revolving loans outstanding under the Revolver and permanently reduce the revolving commitments and borrowing capacity by such amount. This amount was repaid by Terra Operating LLC on November 10, 2016, which permanently reduced the borrowing capacity under the Revolver by such amount.

On November 25, 2016, Terra Operating LLC entered into a waiver agreement with the requisite lenders under the Revolver. The waiver agreement waived Terra Operating LLC's obligation to comply with the debt service coverage ratio and leverage ratio financial covenants of the Revolver with respect to the third quarter of 2016 and the requirement to certify compliance with those covenants. In connection with this waiver, Terra Operating LLC made a prepayment of the revolving loans outstanding under the Revolver in an aggregate amount equal to \$30.0 million and permanently reduced the revolving commitments and borrowing capacity under the Revolver by that amount. This amount was classified as current within the unaudited condensed consolidated balance sheet as of March 31, 2016 and December 31, 2015. The waiver also extended to January 1, 2017, the deadline for delivery of certain financial information with respect to the third quarter of 2016. If Terra Operating LLC fails to deliver that financial information, with respect to the third quarter of 2016 and certain other related information by January 1, 2017, the waiver will expire and an event of default will have occurred under the Revolver. Failure to deliver certain summary financial information with respect to the third quarter of 2016 by December 21, 2016 would also result in an event of default under the Revolver.

Vivint Solar Bridge Facility

As of December 31, 2015, the Company had a commitment for a senior unsecured bridge facility to provide the Company with up to \$525.9 million to fund certain operating assets the Company expected to acquire from SunEdison in connection with SunEdison's then-pending acquisition of Vivint Solar. As a result of Vivint Solar's notice of termination of the SunEdison/Vivint Solar Merger Agreement on March 7, 2016, the commitment automatically terminated.

Non-recourse Long-term Debt

Indirect subsidiaries of the Company have incurred long-term debt obligations with respect to the renewable energy facilities that those subsidiaries own directly or indirectly. This indebtedness of these subsidiaries is typically secured by the renewable energy facility's assets (mainly the renewable energy facility) or equity interests in such renewable energy facilities with no recourse to Terra LLC or Terra Operating LLC other than limited or capped contingent support obligations, which in aggregate are not considered to be material to the Company's business and financial condition. In connection with these financings and in the ordinary course of its business, the Company and its subsidiaries observe formalities and operating procedures to maintain each of their separate existence and can readily identify each of their separate assets and liabilities as separate and distinct from each other. As a result, these subsidiaries are legal entities that are separate and distinct from the Company, Terra LLC and Terra Operating LLC and the guarantors under the Revolver, the Senior Notes due 2023 and Senior Notes due 2025.

Non-recourse Debt Defaults

SunEdison is a party to or guarantor of a material project agreement, such as asset management or O&M contracts, for most of the Company's non-recourse financing arrangements. As a result of the SunEdison Bankruptcy and delays in delivery of 2015 audited financial statements for certain project-level subsidiaries, among other things, the Company has experienced defaults under most of its non-recourse financing agreements. Any corresponding contractual grace periods for the instruments in default have already expired as of the financial statement issuance date or the Company cannot assert at this time that it is probable that the violation will be cured within any remaining grace periods, will be cured for a period of more than twelve months or are not likely to recur. While the Company is actively negotiating with the lenders to obtain waivers, the lenders have not currently waived or subsequently lost the right to demand repayment for more than one year from the balance sheet date

with respect to these debt instruments. As these defaults occurred prior to the issuance of the financial statements for both the three months ended March 31, 2016 and for the year ended December 31, 2015, \$1.9 billion of the Company's non-recourse long-term indebtedness, net of unamortized debt discounts and deferred financing costs, has been reclassified to current in the unaudited condensed consolidated balance sheet at both periods as the Company accounts for debt in default as of the date the financial statements are issued in the same manner as if the default existed as of the balance sheet date. \$425.3 million of the March 31, 2016 reclassification amount was reclassified from current portion of long-term debt and financing lease obligations to current liabilities related to assets held for sale as discussed below.

As a result of these defaults, the Company also reclassified \$82.8 million and \$61.1 million of long-term restricted cash to current as of March 31, 2016 and December 31, 2015, respectively, consistent with the corresponding debt classification, as the restrictions that required the cash balances to be classified as long-term restricted cash were driven by the financing agreements. \$11.4 million of the March 31, 2016 reclassification amount was reclassified from current restricted cash to current assets held for sale. Refer to Note 10. Derivatives for discussion of corresponding interest rate swap reclassifications to current as a result of these defaults.

Debt Classified as Liabilities Related to Assets Held for Sale

As of March 31, 2016, the Company reclassified \$425.3 million from current portion of long-term debt and financing lease obligations to current liabilities related to assets held for sale (see Note 3. Assets Held for Sale) in the unaudited condensed consolidated balance sheet, which represents non-recourse debt collateralized by project assets for substantially all of the Company's portfolio of solar power plants located in the U.K. No amount of debt was classified as liabilities related to assets held for sale as of December 31, 2015.

Canada project-level financing

On November 2, 2016, certain of our subsidiaries entered into a new non-recourse loan financing in an aggregate principal amount of \$120.0 million Canadian dollars ("CAD") (including a CAD \$6.9 million letter of credit) secured by approximately 40MWac of utility scale solar power plants located in Canada that are owned by our subsidiaries. This new non-recourse loan has a seven-year maturity and amortizes on a 17-year sculpted amortization schedule. The loan agreement also permits our subsidiaries to increase the principal amount of the credit facility by up to an additional CAD \$123.0 million subject to the satisfaction of certain conditions, including the absence of defaults or events of default, pro forma compliance with debt service coverage ratios and other customary conditions. This new loan facility is non-recourse to Terra LLC and Terra Operating LLC. The proceeds of this financing were used to pay down the Revolver by \$70.0 million as described above. Any additional proceeds are also expected to be used for general corporate purposes.

Maturities

The aggregate contractual payments of long-term debt due after March 31, 2016, including financing lease obligations and excluding amortization of debt discounts and premiums, as stated in the financing agreements, are as follows:

(In thousands)	Remainder of 2016 ¹	2017	2018	2019	2020	Thereafter	Total
Maturities of long-term debt as of March 31, 2016 ²	\$ 129,028	\$ 90,251	\$ 112,092	\$ 562,692	\$ 717,817	\$ 2,545,637	\$ 4,157,517

(1) Includes \$16.7 million of construction debt for the utility-scale renewable energy facility located in the U.S. acquired in 2016 from SunEdison. This debt was repaid by SunEdison during the third quarter of 2016 upon completion of the acquisition and the Company's payment of the second installment of the purchase price (see Note

2. Transactions Between Entities Under Common Control). Also includes \$30.0 million of Revolver indebtedness that was paid during the fourth quarter of 2016 as discussed above.

Represents the contractual principal payment due dates for our long-term debt and does not reflect the (2)reclassification of \$1.5 billion of long-term debt to current as a result of debt defaults under most of our non-recourse financing arrangements.

9. INCOME TAXES

The income tax provision consisted of the following:

	Three Months Ended March 31,	
(In thousands, except effective tax rate)	2016	2015
Income (loss) before income tax (benefit) expense	(33,408)	(83,705)
Income tax expense (benefit)	97	(45)
Effective tax rate	(0.3)%	0.1 %

As of March 31, 2016, TerraForm Power, Inc. owns 65.5% of Terra LLC and consolidates the results of Terra LLC through its controlling interest. The Company records SunEdison's 34.5% ownership of Terra LLC as a non-controlling interest in the financial statements. Terra LLC is treated as a partnership for income tax purposes. As such, the Company records income tax on its 65.5% of Terra LLC's taxable income and SunEdison records income tax on its 34.5% share of Terra LLC's taxable income.

For the three months ended March 31, 2016, and the three months ended March 31, 2015, the overall effective tax rate was different than the statutory rate of 35% primarily due to the recording of a valuation allowance on certain tax benefits attributed to the Company. As of March 31, 2016, most jurisdictions are in a net deferred tax asset position. A valuation allowance is recorded against the deferred tax assets primarily because of the history of losses in those jurisdictions.

10. DERIVATIVES

As part of the Company's risk management strategy, the Company has entered into derivative instruments which include interest rate swaps, foreign currency contracts and commodity contracts to mitigate interest rate, foreign currency and commodity price exposure. If the Company elects to do so and if the instrument meets the criteria specified in ASC 815, Derivatives and Hedging, the Company designates its derivative instruments as cash flow hedges. The Company enters into interest rate swap agreements in order to hedge the variability of expected future cash interest payments. Foreign currency contracts are used to reduce risks arising from the change in fair value of certain foreign currency denominated assets and liabilities. The objective of these practices is to minimize the impact of foreign currency fluctuations on operating results. The Company also enters into commodity contracts to hedge price variability inherent in electricity sales arrangements. The objectives of the commodity contracts are to minimize the impact of variability in spot electricity prices and stabilize estimated revenue streams. The Company does not use derivative instruments for speculative or trading purposes.

As of March 31, 2016 and December 31, 2015, fair values of the following derivative instruments were included in the balance sheet captions indicated below:

(In thousands)	Fair Value of Derivative Instruments						Gross Amounts Offset in Consolidated Balance Sheets	Net Amounts in Consolidated Balance Sheets
	Hedging Contracts	Derivatives Not Designated as Hedges				Gross Amounts of Assets/Liabilities Recognized		
	Interest Rate Swaps	Commodity Contracts	Interest Rate Swaps	Foreign Currency Contracts	Commodity Contracts			
As of March 31, 2016								
Prepaid expenses and other current assets	\$—	\$ 11,611	\$—	\$ 3,556	\$ 13,815	\$ 28,982	\$ (2,104)	\$ 26,878
Other assets	—	45,519	—	2,788	32,067	80,374	(102)	80,272
Total assets	\$—	\$ 57,130	\$—	\$ 6,344	\$ 45,882	\$ 109,356	\$ (2,206)	\$ 107,150
Accounts payable and other current liabilities	\$27,723	\$—	\$1,529	\$ 5,241	\$—	\$ 34,493	\$ (2,104)	\$ 32,389
Liabilities related to assets held for sale	19,609	—	—	—	—	19,609	—	19,609
Other long-term liabilities	—	—	—	102	—	102	(102)	—
Total liabilities	\$47,332	\$—	\$1,529	\$ 5,343	\$—	\$ 54,204	\$ (2,206)	\$ 51,998
As of December 31, 2015								
Prepaid expenses and other current assets	\$—	\$ 11,455	\$—	\$ 3,875	\$ 12,542	\$ 27,872	\$ (1,451)	\$ 26,421
Other assets	\$487	\$ 51,699	\$—	\$ 2,836	\$ 30,799	\$ 85,821	\$ (70)	\$ 85,751
Total assets	\$487	\$ 63,154	\$—	\$ 6,711	\$ 43,341	\$ 113,693	\$ (1,521)	\$ 112,172
Accounts payable and other current liabilities	\$19,081	\$—	\$1,104	\$ 3,777	\$—	\$ 23,962	\$ (1,451)	\$ 22,511
Other long-term liabilities	—	—	—	70	—	70	(70)	—
Total liabilities	\$19,081	\$—	\$1,104	\$ 3,847	\$—	\$ 24,032	\$ (1,521)	\$ 22,511

As of March 31, 2016 and December 31, 2015, notional amounts for derivative instruments consisted of the following:

(In thousands)	March 31, 2016	December 31, 2015
Derivatives designated as hedges:		
Interest rate swaps (USD)	460,792	468,067
Interest rate swaps (GBP)	222,018	222,018
Commodity contracts (MWs)	18,401	18,401
Derivatives not designated as hedges:		
Interest rate swaps (USD)	15,779	15,794
Foreign currency contracts (GBP)	102,320	112,168
Foreign currency contracts (CAD)	37,339	40,566
Commodity contracts (MWs)	2,248	1,828

The Company has elected to present net derivative assets and liabilities on the balance sheet as a right to setoff exists. For interest rate swaps, the Company either nets derivative assets and liabilities on a trade-by-trade basis or nets them in accordance with a master netting arrangement if such an arrangement exists with the counterparties. Foreign currency contracts are netted by currency in accordance with a master netting arrangement. The Company has a master netting arrangement for its commodity contracts for which no amounts were netted as of March 31, 2016 and December 31, 2015 as each of the commodity contracts were in a gain position, respectively.

Gains and losses on derivatives not designated as hedges for the three months ended March 31, 2016 and 2015 consisted of the following:

		Three Months Ended March 31,	
		2016	2015
Location of Loss (Gain) in the Statements of Operations			
(In thousands)			
Interest rate swaps	Interest expense, net	\$540	\$236
Foreign currency contracts	Loss on foreign currency exchange, net	536	97
Commodity contracts	Operating revenues, net	(8,46)	4,259

Gains (losses) recognized related to interest rate swaps and commodity contracts designated as cash flow hedges for the three months ended March 31, 2016 and 2015 and consisted of the following:

Three Months Ended March 31,				Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income (Effective Portion)		Amount of Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Gain (Loss) Recognized in Other Comprehensive Income (Effective Portion) net of taxes		Location of Loss Reclassified from Accumulated Other Comprehensive Income (Effective Portion)				
(In thousands)	2016	2015		2016	2015	2016	2015
Interest rate swaps	\$(32,193)	\$2,248	Interest expense, net	\$3,433	\$2,857	\$ 328	\$ —
Commodity contracts	(772)	—	Operating revenues, net	(3,064)	—	—	—
Total	\$(32,965)	\$2,248		\$369	\$2,857	\$ 328	\$ —

The Company has interest rate swap agreements to hedge variable rate non-recourse debt. These interest rate swaps qualify for hedge accounting and were designated as cash flow hedges. Under the interest rate swap agreements, the renewable energy facilities pay a fixed rate and the counterparties to the agreements pay a variable interest rate. The amounts deferred in other comprehensive income and reclassified into earnings during the three months ended March 31, 2016 and 2015 related to these interest rate swaps are provided in the tables above. The loss expected to be reclassified into earnings over the next twelve months is approximately \$37.5 million. The maximum term of outstanding interest rate swaps designated as hedges is 18 years.

As discussed in Note 8. Long-term debt, the Company experienced defaults under most of its non-recourse financing agreements prior to the issuance of the financial statements for both the three months ended March 31, 2016 and for the year ended December 31, 2015. As the Company's interest rate swap agreements contain cross-default provisions, \$36.4 million and \$7.6 million of related liabilities have been reclassified to current as of March 31, 2016 and December 31, 2015, respectively. The Company is actively working with the counterparties to cure these defaults and obtain waivers as necessary. The Company does not currently expect any changes to the underlying cash flows as a result of these defaults and thus has determined that there is no impact to the swaps' qualification for hedge accounting and designation as cash flow hedges. As discussed in Note 3.

Assets Held for Sale, the Company commenced a sale of substantially all of its portfolio of solar power plants located in the U.K. As a result, \$19.6 million of related derivative liabilities were subsequently reclassified to liabilities related to assets held for sale.

Commodity Contracts

The Company has long-dated physically delivered commodity PPAs that hedge variability in cash flows associated with the sales of power from certain renewable energy facilities located in Texas. These commodity contracts qualify for hedge accounting and are designated as cash flow hedges. Accordingly, the effective portions of the change in fair value of these derivatives are reported in accumulated other comprehensive income and subsequently reclassified to earnings in the periods when the hedged transactions affect earnings. Any ineffective portions of the derivatives' change in fair value are recognized currently in earnings. The amounts deferred in other comprehensive income and reclassified into earnings during the three months ended March 31, 2016 and 2015 related to the commodity contracts are provided in the tables above. The gain expected to be reclassified into earnings over the next twelve months is approximately \$7.3 million (net of taxes of \$4.3 million). The maximum tenor of outstanding commodity contracts designated as hedges is 14 years.

Derivatives Not Designated as Hedges

Interest Rate Swaps

The Company has interest rate swap agreements that economically hedge the cash flows for non-recourse debt. These interest rate swaps pay a fixed rate and the counterparties to the agreements pay a variable interest rate. The changes in fair value are recorded in interest expense, net in the consolidated statements of operations as these hedges are not accounted for under hedge accounting.

As discussed in Note 8. Long-term debt, the Company experienced defaults under most of its non-recourse financing agreements prior to the issuance of the financial statements for both the three months ended March 31, 2016 and for the year ended December 31, 2015. As the Company's interest rate swap agreements contain cross-default provisions, \$1.1 million and \$0.7 million, respectively, of related liabilities have been reclassified to current as of March 31, 2016 and December 31, 2015. The Company is actively working with the counterparties to cure these defaults and obtain waivers as necessary.

Foreign Currency Contracts

The Company has foreign currency contracts in order to economically hedge its exposure to foreign currency fluctuations. The settlement of these hedges occurs on a quarterly basis through maturity. As these hedges are not accounted for under hedge accounting, the changes in fair value are recorded in loss on foreign currency exchange, net in the consolidated statements of operations.

Commodity Contracts

The Company has commodity contracts in order to economically hedge commodity price variability inherent in certain electricity sales arrangements. If the Company sells electricity to an independent system operator market and there is no PPA available, it may enter into a commodity contract to hedge all or a portion of their estimated revenue stream. These commodity contracts require periodic settlements in which the Company receives a fixed-price based on specified quantities of electricity and pays the counterparty a variable market price based on the same specified quantity of electricity. As these hedges are not accounted for under hedge accounting, the changes in fair value are recorded in operating revenues net, in the consolidated statements of operations.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of assets and liabilities are determined using either unadjusted quoted prices in active markets (Level 1) or pricing inputs that are observable (Level 2) whenever that information is available and using unobservable inputs (Level 3) to estimate fair value only when relevant observable inputs are not available. The Company uses valuation techniques that maximize the use of observable inputs. Assets and liabilities are classified in their entirety based on the lowest priority level of input that is significant to the fair value measurement. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. If the inputs into the valuation are not corroborated by market

data, in such instances, the valuation for these contracts is established using techniques including extrapolation from or interpolation between actively traded contracts as well as calculation of implied volatilities. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized as Level 3. The Company regularly evaluates and validates the inputs used to determine fair value of Level 3 contracts by using pricing services to support the underlying market price of commodity.

The Company uses a discounted cash flow valuation technique to fair value its derivative assets and liabilities. The primary inputs in the valuation models for commodity contracts are market observable forward commodity curves and risk-free discount rates and to a lesser degree credit spreads and volatilities. The primary inputs into the valuation of interest rate swaps and foreign currency contracts are forward interest rates, foreign currency exchange rates, and to a lesser degree credit spreads.

Recurring Fair Value Measurements

The following table summarizes the financial instruments measured at fair value on a recurring basis classified in the fair value hierarchy (Level 1, 2 or 3) based on the inputs used for valuation in the consolidated balance sheets:

(In thousands)	As of March 31, 2016				As of December 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Interest rate swaps	—	—	—	\$—	\$—	\$—	—	\$487
Commodity contracts	—	45,882	57,130	103,012	—	43,341	63,154	106,495
Foreign currency contracts	—	4,138	—	4,138	—	5,190	—	5,190
Total derivative assets	\$—	\$50,020	\$57,130	\$107,150	\$—	\$49,018	\$63,154	\$112,172
Liabilities								
Interest rate swaps	\$—	\$48,861	—	\$48,861	\$—	\$20,185	—	\$20,185
Foreign currency contracts	—	3,137	—	3,137	—	2,326	—	2,326
Total derivative liabilities	\$—	\$51,998	\$—	\$51,998	\$—	\$22,511	\$—	\$22,511

The Company's interest rate swaps, commodity contracts not designated as hedges and foreign currency contracts are considered Level 2, since all significant inputs are corroborated by market observable data. The Company's commodity contracts designated as hedges are considered Level 3 as they contain significant unobservable inputs. There were no transfers in or out of Level 1, Level 2 and Level 3 during the three months ended March 31, 2016.

The following table reconciles the changes in the fair value of derivative instruments classified as Level 3 in the fair value hierarchy for the three months ended March 31, 2016:

(In thousands)	Three Months Ended March 31, 2016
Balance as of December 31, 2015	\$63,154
Realized and unrealized gains (losses):	
Included in Other Comprehensive Income	(3,836)
Included in earnings	(2,188)
Balance as of March 31, 2016	\$57,130

The significant unobservable inputs used in the valuation of the Company's commodity contracts categorized as Level 3 of the fair value hierarchy as of March 31, 2016 are as follows:

(In thousands, except range)

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Fair Value as of
March 31, 2016

Transaction Type	Assets	Liabilities	Valuation Technique	Unobservable Inputs	Range
Commodity contracts - power	\$57,130	\$	—Discounted cash flow Option model	Forward price (per MWh) Volatilities	\$13.4 - \$89.8 6.0 %-8.1 %

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The sensitivity of the Company's fair value measurements to increases (decreases) in the significant unobservable inputs is as follows:

Significant Unobservable Input	Position	Impact on Fair Value Measurement
Increase (decrease) in forward price	Forward sale	Decrease (increase)
Increase (decrease) in implied volatilities	Purchase option	Increase (decrease)

The Company measures the sensitivity of the fair value of its Level 3 commodity contracts to potential changes in commodity prices using a mark-to-market analysis based on the current forward commodity prices and estimates of the price volatility. An increase in power forward prices will produce a mark-to-market loss, while a decrease in prices will result in a mark-to-market gain.

Fair Value of Debt

The carrying amount and estimated fair value of the Company's long-term debt as of March 31, 2016 and December 31, 2015 is as follows:

(In thousands)	As of March 31, 2016		As of December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion	\$4,106,853	\$3,896,291	\$4,562,649	\$4,357,322

The fair value of the Company's long-term debt, except the senior notes was determined using inputs classified as Level 2 and a discounted cash flow approach using market rates for similar debt instruments. The fair value of the senior notes is based on market price information which is classified as a Level 1 input. They are measured using available trades at the end of each respective fiscal period. The fair value of the Senior Notes due 2023 and Senior Notes due 2025 were 83.00% and 80.13% of face value as of March 31, 2016, respectively. The fair value is not indicative of the amount that the Company would have to pay to redeem these notes as they are not callable at this time.

12. STOCKHOLDERS' EQUITY

As of March 31, 2016, the following shares of the Company were outstanding:

Share Class:	Shares Outstanding	Shareholder(s)
Class A common stock	91,324,447	*
Class B common stock	48,202,310	SunEdison
Total Shares	139,526,757	

Class A common stockholders are comprised of public and private investors, executive officers, management and personnel who provide services to the Company. Shares of Class A common stock outstanding exclude 140,039 * shares of common stock held in treasury. The total par value of Class A common stock reflected on the consolidated balance sheet and consolidated statement of stockholders' equity as of March 31, 2016 includes 140,039 shares of stock held in treasury and excludes 546,633 shares of unvested restricted Class A common stock awards (see Note 13. Stock-based Compensation).

Reduction in SunEdison's Ownership of Class B Shares

On January 22, 2016, TerraForm Power issued 12,161,844 shares of Class A common stock to affiliates of the D.E. Shaw group, Madison Dearborn Capital Partners IV, L.P. and Northwestern University and Terra LLC issued 12,161,844 Class A units of Terra LLC to TerraForm Power upon conversion of 12,161,844 Class B shares of TerraForm Power's common stock and 12,161,844 Class B units of Terra LLC held by SunEdison. After giving effect to the conversion, SunEdison indirectly owns 48,202,310 Class B shares of TerraForm Power and 48,202,310 Class B units of Terra LLC.

Stockholder Protection Rights Agreement

On July 24, 2016, the Company's board of directors adopted a Stockholder Protection Rights Agreement (the "Rights Agreement") and declared a dividend of one Right on each outstanding share of TerraForm Power Class A common stock. The record date to determine which stockholders are entitled to receive the Rights is August 4, 2016. The Rights Agreement was adopted in response to the potential sale of a significant equity stake in the Company by SunEdison and the potential accumulation of TerraForm Power Class A shares.

Dividends

TerraForm Power has not declared or paid a dividend for the fourth quarter of 2015 or the first, second or third quarter of 2016. As a result of the SunEdison Bankruptcy, the limitations on the Company's ability to access the capital markets for its corporate debt and equity securities, and other risks that the Company faces as detailed in this report, the Company's management believes it is prudent to defer any decisions on paying dividends to its shareholders for the time being.

13. STOCK-BASED COMPENSATION

The TerraForm Power, Inc. 2014 Second Amended and Restated Long-Term Incentive Plan provides for the award of incentive and nonqualified stock options, restricted stock awards ("RSAs") and restricted stock units ("RSUs") to personnel and directors who provide services to the Company, including personnel and directors who also provide services to SunEdison. The maximum contractual term of an award is ten years from the date of grant. As of March 31, 2016, an aggregate of 2,704,812 shares of Class A common stock were available for issuance. Upon exercise of stock options or the vesting of the RSUs, the Company will issue shares that have been previously authorized to be issued.

Stock-based compensation costs related to equity awards in the Company's stock are allocated to the Company and SunEdison based on the relative percentage of time that the personnel and directors spend providing services to the respective companies. The amount of stock-based compensation expense related to equity awards in the Company's stock which has been allocated to the Company was \$0.4 million and \$5.1 million during the three months ended March 31, 2016 and 2015, respectively, and is reflected in the consolidated statements of operations within general and administrative expenses. The amount of stock-based compensation cost related to equity awards in the Company's stock which has been allocated to SunEdison was \$0.1 million and \$0.2 million for the three months ended March 31, 2016 and 2015, respectively, and is recognized as a distribution to SunEdison within Net SunEdison investment on the consolidated statement of stockholders' equity with no impact to the Company's consolidated statement of operations. Similarly, stock-based compensation costs related to equity awards in the stock of SunEdison for personnel and directors who provide services to the Company are allocated to the Company based on the relative percentage of time that the personnel and directors spend providing services to the Company. The amount of stock-based compensation expense related to equity awards in the stock of SunEdison that was allocated to the Company was \$0.5 million for the three months ended March 31, 2016, and is reflected in the consolidated statement of operations within general and administrative expenses - affiliate and has been treated as an equity contribution from SunEdison within Net SunEdison investment on the consolidated statement of stockholders' equity. The amount of stock-based compensation expense related to equity awards in the stock of SunEdison that was allocated to the Company for the three months ended March 31, 2015 was inconsequential.

Restricted Stock Awards

RSAs provide the holder with immediate voting rights, but are restricted in all other respects until vested. Upon a termination of employment for any reason, any unvested shares of Class A common stock held by the terminated participant will be forfeited. All unvested RSAs are paid dividends and distributions.

The following table presents information regarding outstanding RSAs as of March 31, 2016 and changes during the period then ended:

	Number of RSAs Outstanding	Weighted-Average Grant-Date Fair Value Per Share	Aggregate Intrinsic Value (in millions)
Balance as of January 1, 2016	1,859,616	\$ 2.93	
Converted	(619,063)	2.81	
Forfeited	(838,034)	2.29	
Balance as of March 31, 2016	402,519	\$ 4.45	\$ 3.5

As of March 31, 2016, \$0.1 million of total unrecognized compensation cost related to RSAs is expected to be recognized by SunEdison and the Company over a weighted average period of approximately 0.7 years.

Restricted Stock Units

RSUs will not entitle the holders to voting rights and holders of the RSUs will not have any right to receive dividends or distributions. The following table presents information regarding outstanding RSUs as of March 31, 2016 and changes during the period then ended:

	Number of RSUs Outstanding	Aggregate Intrinsic Value (in millions)	Weighted Average Remaining Contractual Life (In Years)
Balance as of January 1, 2016	3,208,394		
Granted	163,595		
Converted	(146,595)		
Forfeited	(284,071)		
Balance as of March 31, 2016	2,941,323	\$ 25.4	1.3

As of March 31, 2016, \$29.5 million of total unrecognized compensation cost related to RSUs is expected to be recognized by SunEdison and the Company over a weighted average period of approximately 2.4 years. The weighted-average fair value of RSUs on the date of grant was \$9.96 and \$34.01 for the three months ended March 31, 2016 and 2015, respectively.

On December 22 and 23, 2015, the Company awarded 1,264,880 RSUs to certain employees and executive officers of SunEdison and the Company. These are time-based awards which will vest on the following schedule: 25% after one year, 25% after two years, and 50% after three years. The grant-date fair value of these awards was \$15.7 million which will be recognized as compensation cost by SunEdison and the Company on a straight-line basis over the three year service period.

On March 10, 2015, the Company awarded 841,900 RSUs to certain employees and executive officers of SunEdison and the Company. These RSU awards are 80% performance-based and 20% time-based, which are vested at 25% per year over a four-year period. For the performance-based RSUs, there are three performance tiers with each tier representing 33% of the entire grant. Each of the performance tiers are based on dividend per share targets, as pre-determined and approved by the Company's Board of Directors. If certain performance goals are not achieved, the first, second or third performance tiers are forfeited in its entirety. If certain performance goals are met by the first quarter of 2016, 2017, and 2018, as measured by the last twelve months, the first, second and third tier will vest at 50%, 75% or 100%. Upon achievement of the targets, participants will vest in the respective tier at 50% during the measurement year, 30% the following year and 20% the year after that. The grant-date fair value of the time-based

portion of these awards was \$5.8 million which is being recognized as compensation cost by SunEdison and the Company on a straight-line basis over the requisite service period of four years. The grant-date fair value of the performance-based portion of these awards was initially calculated based on the Company's stock price as of the date of grant since meeting the requisite performance conditions was considered probable as of this date. During the first quarter of 2016, the Company concluded that meeting the requisite performance conditions for each of the three performance tiers is no longer considered probable, resulting in a reversal of previously recognized compensation cost. The amount of

previously recognized compensation cost reversed by the Company during the first quarter of 2016 on account of this determination is not material.

On July 28, 2015, SunEdison began recognizing expense related to 199,239 performance-based RSUs granted by the Company to certain employees of First Wind in connection with its acquisition by SunEdison on January 29, 2015. The performance-based awards were issued in three tranches covering the 2015, 2016 and 2017 fiscal year performance periods and are based on the achievement of targets related to additions to SunEdison's renewable energy generation project development pipeline and backlog, the volume of renewable energy generation projects transferred into the Company or SunEdison's warehouse vehicles, and the achievement of cash available for distribution by wind power plants sold to the Company through the First Wind Acquisition agreement. On April 8, 2016, the Company concluded that certain of the performance targets related to the 2015 fiscal year performance period had been met, resulting in the vesting of 48,255 RSUs. During the first quarter of 2016, the Company concluded that meeting the aforementioned performance targets for the 2016 and 2017 fiscal year performance periods is no longer considered probable, resulting in a reversal of previously recognized compensation cost by SunEdison.

Stock Options

The following table presents information regarding outstanding stock options as of March 31, 2016 and changes during the period then ended:

	Number of Stock Options Outstanding	Weighted Average Exercise Price Per Share
Balance as of January 1, 2016	56,250	\$ 29.31
Canceled	(56,250)	29.31
Balance as of March 31, 2016	—	\$ —

As of March 31, 2016, there was no unrecognized compensation cost in relation to outstanding stock options.

14. LOSS PER SHARE

Loss per share ("EPS") is based upon the weighted average shares outstanding. Unvested RSAs that contain non-forfeitable rights to dividends are treated as participating securities and are included in the EPS computation using the two-class method, to the extent that there are undistributed earnings available as such securities do not participate in losses.

Basic and diluted loss per share for the three months ended March 31, 2016 and 2015 was calculated as follows:

	Three Months Ended March 31,	
(In thousands, except per share amounts)	2016	2015
Basic and diluted loss per share ¹ :		
Net loss attributable to Class A common stockholders	\$(481)	\$(28,116)
Less: dividends paid on Class A shares and participating RSAs	—	—
Undistributed loss attributable to Class A shares	\$(481)	\$(28,116)
Weighted average basic and diluted Class A shares outstanding	87,833	49,694
Distributed earnings per share	\$—	\$—

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Undistributed loss per share	(0.01)	(0.57)
Basic and diluted loss per share	\$(0.01)	\$(0.57)

The computations for diluted loss per share for the three months ended March 31, 2016 excludes 48,202,310 shares (1) of Class B common stock, 546,633 of unvested RSAs, 2,941,323 unvested RSUs because the effect would have been anti-dilutive. The computations for

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diluted loss per share for the three months ended March 31, 2015 excludes 62,726,654 shares of Class B common stock, 5,840,000 shares of Class B1 common stock, 2,445,464 of unvested RSAs, 1,930,143 RSUs and 150,000 options to purchase the Company's shares because the effect would have been anti-dilutive.

15. NON-CONTROLLING INTERESTS

Non-controlling Interests

Non-controlling interests represent the portion of net assets in consolidated entities that are not owned by the Company. The following table presents the non-controlling interest balances by entity, reported in stockholders' equity in the consolidated balance sheets as of March 31, 2016 and December 31, 2015:

(In thousands)	March 31, 2016	December 31, 2015
Non-controlling interests in Terra LLC:		
SunEdison	\$716,628	\$897,409
Total non-controlling interests in Terra LLC ¹	716,628	897,409
Total non-controlling interests in renewable energy facilities	831,939	858,117
Total non-controlling interests	\$1,548,567	\$1,755,526

Reflects an equity reallocation of \$(179.1) million and \$170.3 million as of March 31, 2016 and December 31, (1)2015, respectively, due to an adjustment of capital balances to reflect respective ownership percentages as of each balance sheet date.

As of March 31, 2016, the Company owned 65.5% of Terra LLC and consolidated the results of Terra LLC through its controlling interest, with SunEdison's 34.5% interest shown as a non-controlling interest.

Redeemable Non-controlling Interests

Non-controlling interests in subsidiaries that are redeemable either at the option of the holder or at fixed and determinable prices at certain dates are classified as redeemable non-controlling interests in subsidiaries between liabilities and stockholders' equity in the consolidated balance sheets. The redeemable non-controlling interests in subsidiaries balance is determined using the hypothetical liquidation at book value method for the VIE funds or allocation of share of income or losses in other subsidiaries subsequent to initial recognition, however, the non-controlling interests balance cannot be less than the estimated redemption value.

The following table presents the activity of the redeemable non-controlling interest balance reported on the consolidated balance sheets for the three months ended March 31, 2016:

(In thousands)	Redeemable Non-controlling Interests		
	Capital	Accumulated Deficit	Total
Balance as of December 31, 2015	167,199	8,512	\$175,711
Sale of membership interests in projects	—	—	—
Distributions	(512)	—	(512)
Net income	—	2,545	2,545
Balance as of March 31, 2016	\$166,687	\$ 11,057	\$177,744

16. COMMITMENTS AND CONTINGENCIES

Letters of Credit

The Company's customers, vendors and regulatory agencies often require the Company to post letters of credit in order to guarantee performance under relevant contracts and agreements. The Company is also required to post letters of credit to secure obligations under various swap agreements and leases and may, from time to time, decide to post letters of credit in lieu

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of cash deposits in reserve accounts under certain financing arrangements. The amount that can be drawn under some of these letters of credit may be increased from time to time subject to the satisfaction of certain conditions. As of March 31, 2016, the Company had outstanding letters of credit under the Revolver of \$67.0 million and outstanding project-level letters of credit of \$90.3 million.

Guarantee Agreements

The Company and its subsidiaries have provided guarantees to certain of its institutional tax equity investors and financing parties in connection with its tax equity financing transactions. These guarantees do not guarantee the returns targeted by the tax equity investors or financing parties, but rather to support any potential indemnity payments payable under the tax equity agreements, including related to management of tax partnerships and recapture of tax credits or renewable energy grants in connection with transfers of the Company's direct or indirect ownership interests in the tax partnerships to entities that are not qualified to receive those tax benefits. The Company and its subsidiaries have also provided guarantees in connection with acquisitions of third party assets or to support project contractual obligations, including renewable energy credit sales agreements, and may provide additional guarantees in connection with future acquisitions or project contractual obligations. The Company and its subsidiaries have also provided other capped or limited contingent guarantees and other support obligations with respect to certain project-level indebtedness.

Commitments to Acquire Renewable Energy Facilities

As of March 31, 2016, the Company had open commitments of \$231.2 million in the aggregate to acquire renewable energy facilities with a combined nameplate capacity of 176.3 MW from SunEdison, which include commitments that were significantly reduced subsequent to March 31, 2016. See Note 19. Related Parties for additional discussion of these commitments.

As of March 31, 2016, the Company had a remaining commitment of \$58.7 million to acquire two wind power plants with a combined nameplate capacity of 98.6 MW from Invenergy Wind. This commitment expired on July 1, 2016. As a result, while the purchase agreement remains in force, Invenergy and the Company now have the right to terminate the purchase agreement with respect to these two additional facilities at any time and may determine not to consummate the acquisition. If the purchase agreement is terminated by either party, the Company will not purchase these facilities.

Legal Proceedings

The Company is not a party to any legal proceedings other than various administrative and regulatory proceedings arising in the ordinary course of the Company's business or as described below. While the Company cannot predict with certainty the ultimate resolution of such proceedings or other claims asserted against the Company, certain of the claims, if adversely concluded, could result in substantial damages or other relief.

Stockholder Derivative Lawsuits

On December 28, 2015, a verified stockholder derivative complaint (Central Laborers' Pension Fund et al. v. Peter Blackmore et al., Case No. 11847) on behalf of the Company, was filed in the Court of Chancery in the State of Delaware against the Company, as nominal defendant, and SunEdison, and certain individual directors of the Company, as defendants (the "Central Laborers' Proceeding"). The lawsuit alleges that certain members of the Company's board of directors breached their fiduciary duties of loyalty and care by agreeing to enter into an agreement (the "July Vivint Transaction") with SunEdison on July 20, 2015 to acquire certain residential rooftop solar assets (the "Vivint Assets") that SunEdison was acquiring as part of SunEdison's acquisition of Vivint Solar, Inc. ("Vivint Solar"), by

agreeing to terms that were grossly unfair to the Company and designed for the benefit of SunEdison, thereby failing to act in the best interests of the Company. The lawsuit further alleges that the approval of the modifications to the Company's agreements under the July Vivint Transaction (the "December Vivint Transaction") by the board of directors of the Company was on terms that are unfair to the Company and improperly favor SunEdison to the detriment of the Company and its stockholders. The complaint further alleges that SunEdison, as the Company's controlling stockholder, breached its fiduciary duty not to advance SunEdison's interest at the expense of the Company's interests by causing the Company to (i) overpay to acquire assets in both the July Vivint Transaction and in the December Vivint Transaction in order to finance SunEdison's purchase of Vivint Solar, and (ii) commit to purchase future residential solar generation facilities from SunEdison over the next five years so that SunEdison could use the Company's commitment to acquire a loan to partially cover its financial obligations in its transaction to acquire Vivint Solar. The plaintiffs

in the lawsuit seek damages for the Company for the damages the Company has and will suffer as a result of the defendants' breaches of fiduciary duty. The lawsuit also seeks an award of the plaintiffs' costs and disbursements, including attorneys' fees and expenses.

On January 12, 2016, a verified stockholder derivative complaint (Appaloosa Investment Limited Partnership I et al. v. SunEdison, Inc. et al., Case No. 11898) on behalf of the Company was filed in the Court of Chancery in the State of Delaware against the Company, as nominal defendant, and against SunEdison and three of the Company's individual directors, as defendants (the "Appaloosa Proceeding"). The lawsuit alleges that SunEdison, as the Company's controlling stockholder, breached its fiduciary duties to the Company and its minority stockholders by causing the Company, amongst other things, to (i) enter into an amended transaction to acquire the Vivint Assets from SunEdison for its benefits at the expense of the Company's interests, (ii) purchase the Vivint Assets at an unfair price, and (iii) agree to an unfair Take/Pay arrangement so that SunEdison could use such commitment by the Company to acquire a loan to partially cover its financial obligations in connection with its own contemplated merger with Vivint Solar, for which SunEdison never compensated the Company. The lawsuit also contends that the current members of the Corporate Governance and Conflicts Committee of the Company's board of directors breached their fiduciary duty of loyalty to the Company's minority stockholders by, amongst other things, approving the transaction on terms that are unfair to the Company and improperly favor SunEdison to the detriment of the Company and its stockholders. The lawsuit seeks to enjoin the completion of the transaction, rescission of such transaction or, alternatively, awarding rescissory damages, in the event it is consummated. The lawsuit also seeks an award of the plaintiffs' costs and disbursements, including reasonable attorneys' fees and expenses.

On January 26, 2016, the Delaware Chancery Court consolidated the Appaloosa Proceeding and the Central Laborers' Proceeding into a single proceeding and named Appaloosa Investment Limited Partnership I as lead plaintiff and named counsel to the lead plaintiff as lead counsel (the "Consolidated Proceeding"). On February 16, 2016, the Delaware Chancery Court held a hearing on the plaintiff's motion for a preliminary injunction of the Vivint transaction, and on February 26, 2016, the Chancery Court issued a bench ruling denying plaintiff's motion for a preliminary injunction. In that ruling, the court concluded that the plaintiffs had not demonstrated that irreparable harm would result if the court failed to preliminarily enjoin the Company's purchase of the Purchased Subsidiaries under the Amended Purchase Agreement with SunEdison and the Company's entry into the take/pay transaction pursuant to the Amended and Restated Interim Agreement with SunEdison (collectively, the "Challenged Transaction").

Following the termination of the Vivint acquisition, the Plaintiffs filed an amended complaint alleging that SunEdison and certain director defendants breached their fiduciary duties by engaging in the Challenged Transaction and associated management changes. The Plaintiffs amended complaint sought money damages to be determined at trial and equitable relief intended to undo those management changes and to require that the Conflicts Committee of the Company be chosen by the majority of the Company's Class A shareholders. On April 20, 2016, the Plaintiffs filed a second amended complaint that added allegations against certain of the Company's directors for failing to appoint new members to the Conflicts Committee following the appointment of the current members of the Conflicts Committee to the then newly created Office of the Chairman. Effective April 21, 2016, the Office of the Chairman was abolished, and the board of directors of the Company confirmed and ratified that Peter Blackmore was serving as the Company's Chairman and Interim Chief Executive Officer.

On June 20, 2016, the Defendants filed a briefing in support of motions to dismiss the case. On August 25, 2016, the parties informed the Delaware Chancery Court that they are discussing settlement. In light of these settlement discussions, the court suspended the deadlines associated with the pending motions to dismiss. On September 27, 2016, the Company reached a settlement agreement with Appaloosa Investment Limited Partnership I to resolve its stockholder derivative suit, as well as derivative claims by stockholders relating to the Vivint Solar transaction. The settlement is subject to approval by the Delaware Chancery Court. A hearing will be held before the Chancery Court on December 19, 2016 to determine whether the court should approve the proposed settlement.

Securities Class Action

On April 4, 2016, a securities class action under federal securities laws (*Chamblee v. TerraForm Power, Inc., et al.*, Case No. 1:16-cv-00981-JFM) was filed in the United States District Court for the District of Maryland against the Company and two of its former officers (one of which was also a director of the Company) asserting claims under Section 10(b) and 20(a) of the Securities and Exchange Act of 1934 and SEC Rule 10b-5 on behalf of a putative class. The Complaint alleges that the defendants made materially false and misleading statements regarding the Company's business, operational and compliance policies, including with respect to disclosures regarding SunEdison's internal controls and the Company's reliance on

SunEdison. An amended complaint was filed on September 26, 2016 and a former officer and director of the Company were added as defendants. On October 4, 2016, the Judicial Panel on Multidistrict Litigation transferred this matter to the U.S. District Court for the Southern District of New York for consolidated or coordinated pretrial proceedings. While we cannot predict with certainty the ultimate resolution of this proceeding, the Company believes each of the allegations in this complaint are without merit and intends to contest these allegations vigorously.

Settlement Agreement with Latin America Power Holding

On April 20, 2016, TerraForm Power, Inc., (“TERP”) and TerraForm Power, LLC (together with TERP, the “TerraForm Power Parties”) entered into a Settlement and Mutual Release Agreement (the “Settlement Agreement”) with BTG Pactual Brazil Infrastructure Fund II, L.P., P2 Brasil Private Infrastructure Fund II, L.P., P2 Fund II LAP Co-Invest, L.P., P2 II LAP Co-Invest UK, L.P., GMR Holding B.V. (collectively, the “LAP Shareholders”), and Roberto Sahade, LAP’s chief executive officer (together with the LAP Shareholders and the TerraForm Power Parties, the “Parties”). The Settlement Agreement resolves the disputes between the Parties in connection with the previously announced termination of that certain Amended and Restated Share Purchase Agreement, dated May 19, 2015 (the “Share Purchase Agreement”), among SunEdison Holdings Corporation and the LAP Shareholders, and the guarantee issued by TERP in connection therewith, relating to the acquisition of Latin America Power Holding, B.V. (“LAP”), that are the subject of an arbitration proceeding (the “Arbitration”). On March 3, 2016, TERP, SunEdison Holdings Corporation, SunEdison, Inc. and the LAP Shareholders entered into a settlement agreement with respect to the Arbitration (the “March Settlement Agreement”). Subsequent to the execution of the March Settlement Agreement, SunEdison Holdings Corporation failed to make a required payment under the terms of the agreement and as a result the LAP Shareholders recommenced the Arbitration against all parties, including TERP.

Pursuant to the Settlement Agreement, TERP has made a one-time payment to LAP in the amount of \$10.0 million in exchange for and contingent on the termination of the Arbitration against TERP. This amount was accrued for as of December 31, 2015 and March 31, 2016. None of the Parties has admitted to any wrongdoing or liability with respect to the claims asserted in the Arbitration, and the Parties have granted each other full releases of any further obligations under the Share Purchase Agreement and related agreements (including the TERP guarantee). The Settlement Agreement does not impact any claims that the LAP Shareholders or the TerraForm Power Parties may have against SunEdison, Inc. and SunEdison Holdings Corporation in connection with the transactions described above.

Daniel Gerber v. Wiltshire Council

On February 23, 2016, the U.K. Court of Appeals granted the appeal by the Company and the relevant local governmental authority and overturned an earlier decision by the U.K. High Court to quash (nullify) the planning permission necessary to build the Company’s 11.1 MW Norrington solar generation facility in Wiltshire, England. Among other things, the Court of Appeals held that the lower court erred in extending the time for the plaintiff to challenge the planning permission beyond the statutory appeal period. As a result of the successful appeal, the validity of the planning permission was reconfirmed. The plaintiff sought permission of the Supreme Court to appeal the decision of the Court of Appeals; however, permission was denied by the Supreme Court. The Company will, however, have to seek certain amendments to the permit or modify certain aspects of the power plant to come in full compliance with its terms.

Claim relating to First Wind Acquisition

On May 27, 2016, D.E. Shaw Composite Holdings, L.L.C. and Madison Dearborn Capital Partners IV, L.P., as the representatives of the sellers (the “First Wind Sellers”) filed an amended complaint for declaratory judgment against the Company and Terra LLC in the Supreme Court of the State of New York alleging breach of contract with respect to the Purchase and Sale Agreement, dated as of November 17, 2014 (the “FW Purchase Agreement”) between, among

others, SunEdison, the Company and Terra LLC and the First Wind Sellers. The amended complaint alleges that Terra LLC and SunEdison became jointly obligated to make \$231.0 million in earn-out payments in respect of certain development assets SunEdison acquired from the First Wind Sellers under the FW Purchase Agreement, when those payments were purportedly accelerated by SunEdison's bankruptcy and by the resignations of two SunEdison employees. The amended complaint further alleges that the Company, as guarantor of certain Terra LLC obligations under the FW Purchase Agreement, is liable for this sum. Defendants filed a motion to dismiss the amended complaint on July 5, 2016, on the ground that, among other things, SunEdison is a necessary party to this action. Plaintiffs filed an opposition to the motion to dismiss on August 22, 2016. Defendants filed their reply on September 12, 2016. A hearing on the motion to dismiss is currently scheduled to take place on January 24, 2017.

The Company believes the First Wind Sellers' allegation is without merit and will contest the claim and allegations vigorously. However, we cannot predict with certainty the ultimate resolution of any proceedings brought in connection with such a claim.

Whistleblower Complaint By Francisco Perez Gundin

On May 18, 2016, the Company's former Director and Chief Operating Officer, Francisco Perez Gundin ("Perez"), filed a Complaint against the Company, TerraForm Global, Inc., and certain individuals, with the United States Department of Labor. The Complaint alleges that Defendants engaged in a retaliatory termination of Mr. Perez's employment after he allegedly voiced concerns to SunEdison's Board of Directors about public representations made by SunEdison officers regarding SunEdison's liquidity position, and after he allegedly voiced his opposition to transactions that he alleges were self-interested and which he alleges SunEdison forced on the Company. He alleges that the Company participated in SunEdison's retaliatory termination by constructively terminating his position as Chief Operating Officer of the Company in connection with SunEdison's constructive termination of his employment. He seeks lost wages, bonuses, benefits, and other money that he alleges that he would have received if he had not been subjected to the allegedly retaliatory termination.

The matter is being adjudicated in an administrative proceeding before the Occupational Safety and Health Administration agency of the United States Department of Labor. The Company's Position Statement in response to the Complaint was filed in October of 2016. The Company believes Mr. Perez's claims are without merit and is contesting them. However, the Company cannot predict with certainty the ultimate resolution of this proceeding.

Whistleblower Complaint By Carlos Domenech Zornoza

On May 10, 2016, the Company's former Director and Chief Executive Officer, Carlos Domenech Zornoza ("Domenech"), filed a Complaint against the Company, TerraForm Global, Inc., and certain individuals, with the United States Department of Labor. The Complaint alleges that Defendants engaged in a retaliatory termination of Mr. Domenech's employment on November 20, 2015 after he allegedly voiced concerns to SunEdison's Board of Directors about public representations made by SunEdison officers regarding SunEdison's liquidity position, and after he allegedly voiced his opposition to transactions that he alleges were self-interested and which he alleges SunEdison forced on the Company. He alleges that the Company participated in SunEdison's retaliatory termination by terminating his position as Chief Executive Officer of the Company in connection with SunEdison's termination of his employment. He seeks lost wages, bonuses, benefits, and other money that he alleges that he would have received if he had not been subjected to the allegedly retaliatory termination.

The matter is being adjudicated in an administrative proceeding before the Occupational Safety and Health Administration agency of the United States Department of Labor. The Company's Position Statement in response to the Complaint was filed in October of 2016. The Company believes that Mr. Domenech's claims are without merit and is contesting them. However, the Company cannot predict with certainty the ultimate resolution of this proceeding.

Eastern Maine Electric Cooperative Litigation

On November 21, 2016, the Penobscot County Maine Superior Court entered judgment in the amount of \$13.6 million against First Wind Holdings, LLC ("First Wind"), an indirect subsidiary of SunEdison, Inc., and several subsidiaries of the Company. The plaintiff filed judgment liens against the defendants which will stay outstanding through the appeals process. The action involved a claimed breach of contract arising out of a contract between First Wind and Eastern Maine Electric Cooperative, Inc. ("EMEC"), under which First Wind, on behalf of itself and its then wholly-owned subsidiaries, agreed to negotiate a definitive agreement to transfer to EMEC a portion of a transmission

line. The transmission line is owned, in part, by one of the Company's subsidiaries, and is the sole means of transmitting power from the Rollins, Stetson I, and Stetson II wind farms. The subsidiaries that own these wind farms and the transmission line were acquired by the Company as part of the Company's acquisition of certain of the operating assets of First Wind Holdings. The Company believes all the defendants acted in good faith and the Company's subsidiaries that are defendants in the action intend to continue to vigorously contest the allegations and appeal the verdict. The judgment was for money damages and, if upheld on appeal, would not be expected to result in a loss of the use of the transmission line by the Company's subsidiaries. The total amount of the judgment was accrued for as of December 31, 2015 and March 31, 2016.

Avoidance Actions

On November 7, 2016, the unsecured creditors' committee in the SunEdison Bankruptcy filed a motion with the bankruptcy court seeking standing to assert against the Company, on behalf of SunEdison, avoidance claims arising from payments and other intercompany transactions between the Company and SunEdison dating back to the Company's initial public offering and including drop-down transactions involving the sale of renewable energy facilities by SunEdison to the Company. The Company's objection to the standing motion was filed on November 29, 2016. A hearing on the motion is scheduled to take place on December 6, 2016. The Company expects to vigorously contest this standing motion and, if standing is granted, the underlying avoidance claims. Furthermore, the Company is currently engaged in settlement discussions with SunEdison and certain of SunEdison's stakeholders to resolve, among other issues, intercompany claims and defenses between the Company and SunEdison. While these settlement discussions remain ongoing and there can be no guaranty that a settlement will be reached, the Company believes that a successful settlement could facilitate the Company's exploration of strategic alternatives. Any settlement would be subject to the approval of the bankruptcy court in the SunEdison Bankruptcy. Given the preliminary nature of the claims, the Company is unable to provide any assurances as to the ultimate outcome of these claims or that an adverse resolution of a legal proceeding, if commenced, would not have a material adverse effect on the Company's consolidated financial position and results of operations.

17. RELATED PARTIES

SunEdison Bankruptcy

The Company is not a part of the SunEdison Bankruptcy and has no plans to file for bankruptcy itself. The Company does not rely substantially on SunEdison for funding or liquidity and believes that the Company will have sufficient liquidity to support its ongoing operations. The Company believes its equity interests in its renewable energy facilities that are legally owned by the Company's subsidiaries are not available to satisfy the claims of the creditors of the SunEdison Bankruptcy. However, there is a risk that an interested party in the SunEdison Bankruptcy could request that the assets and liabilities of the Company be substantively consolidated with SunEdison and that the Company and/or its assets and liabilities be included in the SunEdison Bankruptcy. While it has not been requested to date and the Company believes there is no basis for substantive consolidation in its circumstances, the Company cannot assure you that substantive consolidation will not be requested in the future or that the bankruptcy court would not consider it.

As discussed below, the Company and SunEdison are parties to multiple agreements, including the Management Services Agreement ("MSA"), project-level O&M and asset management agreements, engineering procurement and construction agreements, and other support agreements, including modules warranties with respect to SunEdison produced modules. Moreover, at the time of the Company's IPO, SunEdison and the Company entered into the Sponsor Arrangement, a complex contractual arrangement setting forth the terms and conditions of SunEdison's sponsorship of the Company, which included, among other things, the MSA, Interest Payment Agreement and Support Agreement. The Company believes that the Sponsor Arrangement comprises a single integrated transaction. The agreements comprising the Sponsor Arrangement are set forth in separate documents and discussed individually in this Form 10-Q. However, the elements of the Sponsor Arrangement are closely related and a default under one element may be a defense to, or excuse performance under, another element. SunEdison and its various stakeholders have expressed disagreement with this view of the Sponsor Arrangements and can be expected to contest any such assertion in connection with the SunEdison Bankruptcy.

During the SunEdison Bankruptcy, SunEdison has not performed substantially as obligated under its agreements with the Company, including under the Sponsor Arrangement and certain O&M and asset management arrangements. SunEdison's failure to perform substantially as obligated under its agreements with the Company, including under the

Sponsor Arrangement, project-level O&M and asset management agreements and other support agreements, may have a material adverse effect on the Company. Despite these adverse effects, the Company expects that it will be able to operate its business without the support of SunEdison pursuant to the plans for transitioning away from reliance on SunEdison that it is in the process of implementing. Refer to Note 1. Nature of Operations for discussion regarding these plans.

On September 25, 2016, the Company filed its initial proof of claim in the SunEdison Bankruptcy, which was amended on October 7, 2016. Refer to Note 1. Nature of Operations for discussion regarding this initial proof of claim and settlement discussions between the Company and SunEdison.

Management Services Agreement

Pursuant to the MSA, SunEdison agreed to provide or arrange for other service providers to provide management and administrative services including legal, accounting, tax, treasury, project finance, information technology, insurance, employee benefit costs, communications, human resources, and procurement to the Company. As consideration for the services provided, the Company agreed to pay SunEdison a base management fee as follows: (i) 2.5% of the Company's cash available for distribution in 2015, 2016, and 2017 (not to exceed \$4.0 million in 2015, \$7.0 million in 2016 or \$9.0 million in 2017), and (ii) an amount equal to SunEdison's or other service provider's actual cost in 2018 and thereafter. Subsequent to the SunEdison Bankruptcy, SunEdison continues to provide some management and administrative services to the Company, including employee compensation and benefit costs, human resources, information technology and communications, but has stopped providing (or reimbursing the Company) for other services pursuant to the MSA. If SunEdison rejects, or seeks to substantially renegotiate the MSA due to the SunEdison Bankruptcy, the Company may bear these actual costs in future periods.

General and administrative - affiliate costs were \$5.4 million and \$6.0 million for the three months ended March 31, 2016 and 2015, respectively. Pursuant to the MSA, cash consideration paid by the Company for these services for the three months ended March 31, 2016 totaled \$1.8 million and general and administrative expenses - affiliate in excess of cash consideration paid have been treated as an equity contribution from SunEdison within Net SunEdison investment on the consolidated statement of stockholders' equity.

Operations and Maintenance ("O&M") and Asset Management Services

O&M services, as well as asset management services, are provided to the Company by SunEdison pursuant to contractual agreements. Costs incurred for these services were \$6.8 million and \$3.6 million during the three months ended March 31, 2016 and 2015, respectively. These costs are reported as cost of operations - affiliate in the unaudited condensed consolidated statements of operations.

Engineering, Procurement and Construction Contracts and Module Warranties

SunEdison served as the prime construction contractor for most of the Company's renewable energy facilities acquired from SunEdison pursuant to engineering, procurement and construction contracts with the Company's project-level subsidiaries. These contracts are generally fixed price, turn-key construction contracts that include workmanship and other warranties with respect to the design and construction of the facilities that survive for a period of time after the completion of construction. These contracts or related contracts (including operation and maintenance agreements) also often include production or availability guarantees with respect to the output or availability of the facility that survive completion of construction. Moreover, the Company also generally obtained solar module warranties from SunEdison, including workmanship warranties and output guarantees, for those solar facilities that the Company acquired from SunEdison that utilized SunEdison modules. The SunEdison Bankruptcy will likely reduce or eliminate the Company's potential recoveries on claims under these agreements and warranties. Third party insurance has been procured by SunEdison to back-stop payment of warranty claims for SunEdison modules purchased from January of 2011 through January of 2015.

Due to SunEdison, net

Certain of the Company's expenses are reimbursed by SunEdison pursuant to the MSA and any expenses not reimbursed by SunEdison as of the balance sheet date are reported as Due from SunEdison, net. Additionally, all amounts incurred by the Company and not paid as of the balance sheet date for renewable energy facilities acquired from SunEdison or for asset management and O&M services received from SunEdison are reported as Due to

SunEdison, net. As of March 31, 2016 and December 31, 2015, the Company owed \$28.7 million and \$26.6 million, respectively, which is reported as Due to SunEdison, net in the consolidated balance sheets. As a result of the SunEdison Bankruptcy, the Company recognized a \$0.8 million loss within loss on receivables - affiliate related to recording a bad debt reserve for outstanding receivables from the SunEdison Debtors.

Guaranty to SunEdison

On May 19, 2015, the Company provided a guaranty in connection with SunEdison's agreement to acquire from the LAP Shareholders, a 19.0 MW hydroelectricity facility and a 185.0 MW wind power plant in Chile from for \$195.0 million. In October 2015, SunEdison received a notice from the sellers purporting to terminate the purchase agreement. Following receipt of such notice, SunEdison exercised its right under the purchase agreement to terminate the agreement based on the failure by the sellers to satisfy certain conditions precedent to closing. In connection with this transaction, the Company and the LAP shareholders entered into the Settlement Agreement as disclosed in Settlement Agreement with Latin America Power Holding in Note 16. Commitments and Contingencies, which resulted in a release of all claims by the LAP shareholders under the guaranty.

Interest Payment Agreement

Immediately prior to the completion of the IPO on July 23, 2014, Terra LLC and Terra Operating LLC entered into an interest payment agreement (the "Interest Payment Agreement") with SunEdison, pursuant to which SunEdison would pay all of the scheduled interest on a term loan through the third anniversary of Terra LLC and Terra Operating LLC entering into the Term Loan, up to an aggregate of \$48.0 million over such period (plus any interest due on any payment not remitted when due). Interest expense incurred under the Term Loan is reflected in the consolidated statement of operations and the reimbursement for such costs is treated as an equity contribution in additional paid-in capital from SunEdison. The Company received an equity contribution of \$4.0 million from SunEdison pursuant to the Interest Payment Agreement for the three months ended March 31, 2015.

On January 28, 2015, Terra LLC and Terra Operating LLC entered into the Amended and Restated Interest Payment Agreement (the "Amended Interest Payment Agreement") with SunEdison. Pursuant to the Amended Interest Payment Agreement, SunEdison agreed to pay amounts equal to a portion of each scheduled interest payment of the Senior Notes due 2023, beginning with the first scheduled interest payment on August 1, 2015, and continuing through the scheduled interest payment on August 1, 2017. Amounts will be paid by SunEdison as follows: (1) in respect of the first scheduled interest payment, \$16.0 million, less amounts already paid by SunEdison under the Interest Payment Agreement, (2) in respect of each scheduled interest payment in 2016, \$8.0 million, and (3) in respect of each scheduled interest payment in 2017, \$8.0 million, provided that the maximum amount payable by SunEdison under the Amended Interest Payment Agreement (inclusive of amounts already paid under the Interest Payment Agreement) may not exceed \$48.0 million (plus any interest due on any payment not remitted when due). SunEdison will also not be obligated to pay any amounts payable under the Senior Notes due 2023 in connection with an acceleration of the indebtedness thereunder. The Company received equity contributions totaling \$8.0 million from SunEdison pursuant to the Amended Interest Payment Agreement during the three months ended March 31, 2016. As of March 31, 2016, the Company had received a cumulative of \$24.0 million under the Interest Payment Agreement and Amended Interest Payment Agreement from SunEdison with \$24.0 million of scheduled payments due in future periods.

On July 29, 2016, SunEdison delivered a notice purporting to terminate the Amended Interest Payment Agreement. The notice alleges that SunEdison's bankruptcy permits termination as of right without following the bankruptcy procedures for rejection of executory contracts. Although the Company does not expect SunEdison to perform under the Amended Interest Payment Agreement going forward, it intends to contest the validity of the termination notice and asserted a claim in the SunEdison Bankruptcy as discussed in Note 1. Nature of Operations.

Commitments to Acquire Renewable Energy Facilities from SunEdison

As of March 31, 2016, the Company had open commitments of \$231.2 million in the aggregate to acquire renewable energy facilities with a combined nameplate capacity of 176.3 MW from SunEdison. These commitments have all been resolved subsequent to March 31, 2016 as described in the table below:

Description	Facility Category	Facility Type	Location	MW	Cash Committed (in thousands)
As of March 31, 2016				176.3	\$ 231,191
Acquired ¹	Distributed Generation	Solar	U.S.	—	(334)
Acquired ²	Utility	Solar	U.S.	—	(29,637)
Terminated	Utility	Solar	U.S.	(159.8)	(168,396)
Terminated	Residential	Solar	U.S.	—	(3,808)
Expired	Distributed Generation	Solar	U.S.	(16.5)	(29,016)
As of October 31, 2016				—	\$ —

(1)The preliminary purchase prices for these distributed generation facilities were reduced from \$3.1 million to \$2.8 million.

(2)The preliminary purchase price for this solar facility was reduced from \$36.6 million to \$36.2 million.

The commitments above exclude the estimated commitment of \$814.8 million to acquire 479.3 MW of residential solar generation facilities that were expected to be acquired from SunEdison upon SunEdison's merger with Vivint Solar Inc. due to the merger being terminated on March 7, 2016 (see Note 4 Acquisitions). These commitments exclude the estimated cash of \$29.3 million due to SunEdison for renewable energy facilities acquired from SunEdison during the three months ended March 31, 2016 (see Note 2. Transactions Between Entities Under Common Control). In addition, our commitment to acquire 20.0 MW of distributed generation solar facilities from a debtor in the SunEdison Bankruptcy expires on June 30, 2016.

Support Agreement and Intercompany Agreement

The Company entered into a project support agreement with SunEdison (the "Support Agreement") on July 23, 2014, which provides the Company the option to purchase additional renewable energy facilities from SunEdison in 2015 and 2016. The Support Agreement also provides the Company a right of first offer with respect to certain other renewable energy facilities. During the three months ended March 31, 2016, the Company acquired renewable energy facilities with a combined nameplate capacity of 19.2 MW from SunEdison under the Project Support Agreement (see Note 2. Transactions Between Entities Under Common Control).

In connection with the First Wind Acquisition, the Company and SunEdison entered into an agreement (the "Intercompany Agreement") pursuant to which the Company was granted the option to purchase additional renewable energy facilities in the First Wind pipeline from SunEdison. During the three months ended March 31, 2016, the Company did not acquire any renewable energy facilities from SunEdison under the Intercompany Agreement.

As a result of the SunEdison Bankruptcy, the Company does not expect that it will be able to acquire from SunEdison any additional projects under the Support Agreement or Intercompany Agreement and add such projects to its operating fleet. As the Company's long-term growth strategy is the acquisition of new renewable energy facilities, including under the Support Agreement and Intercompany Agreement, losing its ability to acquire additional projects from SunEdison may negatively impact the Company's ability to grow its portfolio and the Company may be required to seek such growth primarily from third party acquisitions.

As discussed in Note 1. Nature of Operations, on September 25, 2016, the Company filed its initial proof of claim in the SunEdison Bankruptcy, which was amended on October 7, 2016. This proof of claim asserted claims based on, among other things, SunEdison's breach of the sponsorship arrangement between the Company and SunEdison which included the Support Agreement and Intercompany Agreement.

In addition to the Company's Call Right Projects under the Support Agreement and Intercompany Agreement, the Company's Call Right Projects also include 0.5 GW (net) of operating wind power plants owned by a SunEdison warehouse

(the "AP Warehouse"). The legal entities that comprise the AP Warehouse have not filed for bankruptcy. The Company is currently exploring acquiring a ten to twenty percent interest in the Call Right Projects in the AP Warehouse.

Incentive Distribution Rights

Immediately prior to the completion of the IPO on July 23, 2014, Terra LLC entered into the Amended and Restated Operating Agreement of Terra LLC which granted SunEdison 100% of the Incentive Distribution Rights ("IDRs") of Terra LLC. IDRs represent the right to receive increasing percentages (15.0%, 25.0% and 50.0%) of Terra LLC's quarterly distributions after the Class A Units, Class B units, and Class B1 units of Terra LLC have received quarterly distributions in an amount equal to \$0.2257 per unit (the "Minimum Quarterly Distribution") and the target distribution levels have been achieved. As of March 31, 2016 and December 31, 2015, SunEdison held 100% of the IDRs. SunEdison has pledged the IDRs as collateral under its DIP financing and its first and second lien credit facilities and second lien secured notes. As of March 31, 2016 and December 31, 2015, there were no Class B1 units of Terra LLC outstanding. There were no payments for IDRs made by the Company during the three months ended March 31, 2016.

18. SEGMENT REPORTING

The Company has two reportable segments: Solar and Wind. These segments include the Company's entire portfolio of renewable energy facility assets and are determined based on the management approach. This approach designates the internal reporting used by management for making decisions and assessing performance as the source of the reportable segments. The Company's operating segments consist of Distributed Generation, North America Utility, and International Utility that are aggregated into the Solar reportable segment and Northeast Wind, Central Wind, and Hawaii Wind that are aggregated into the Wind reportable segment. The operating segments have been aggregated as they have similar economic characteristics and meet all of the aggregation criteria. Corporate expenses include general and administrative expenses, acquisition costs, interest expense on corporate-level indebtedness, stock-based compensation and depreciation, accretion and amortization expense. All net operating revenues for the three months ended March 31, 2016 and 2015 were earned by the Company's reportable segments from external customers in the United States (including Puerto Rico), Canada, the United Kingdom and Chile.

The following table reflects summarized financial information concerning the Company's reportable segments for the three months ended March 31, 2016 and 2015:

(In thousands)	Three Months Ended March 31, 2016			
	Solar	Wind	Corporate	Total
Operating revenues, net	\$71,148	\$82,769	\$—	\$153,917
Depreciation, accretion and amortization expense	31,809	27,127	71	59,007
Other operating costs and expenses	18,569	21,928	21,908	62,405
Interest expense, net	18,430	21,051	29,513	68,994
Other non-operating expenses (income)	1,249	206	(4,536)	(3,081)
Income tax expense ¹	—	—	97	97
Net income (loss)	\$1,091	\$12,457	\$(47,053)	\$(33,505)
Balance Sheet				
Total assets ²	\$3,900,890	\$3,773,394	\$525,269	\$8,199,553

(In thousands)	Three Months Ended March 31, 2015			
	Solar	Wind	Corporate	Total
Operating revenues, net	\$48,370	\$22,145	\$—	\$70,515
Depreciation, accretion and amortization expense	25,755	6,136	—	31,891
Other operating costs and expenses	15,007	13,013	22,567	50,587
Interest expense, net	16,338	757	19,760	36,855
Other non-operating expenses	426	8,435	26,026	34,887
Income tax benefit ¹	—	—	(45)	(45)
Net loss	\$(9,156)	\$(6,196)	\$(68,308)	\$(83,660)
Balance Sheet				
Total assets ²	\$3,923,186	\$3,765,486	\$528,737	\$8,217,409

(1) Income tax benefit is not allocated to the Company's Solar and Wind segments.

(2) As of March 31, 2016 and December 31, 2015, respectively.

19. OTHER COMPREHENSIVE LOSS

The following table presents the changes in each component of accumulated other comprehensive (loss) income, net of tax, for the three months ended March 31, 2016:

(In thousands)	Foreign Currency Translation Adjustments	Hedging Activities	Accumulated Other Comprehensive (Loss) Income
Balance as of December 31, 2015	\$ (11,733)	\$ 34,633	\$ 22,900
Net unrealized losses arising during the period	6,573	(32,965)	(26,392)
Reclassification of net realized losses into earnings:			
Interest expense, net	—	369	369
Other comprehensive (loss) income	6,573	(32,596)	(26,023)
Accumulated other comprehensive loss	(5,160)	2,037	(3,123)
Other comprehensive (loss) income attributable to non-controlling interests	2,524	(11,833)	(9,309)
Balance as of March 31, 2016	\$ (7,684)	\$ 13,870	\$ 6,186

The following tables present each component of other comprehensive loss and the related tax effects for the three months ended March 31, 2016 and 2015:

(In thousands)	Three Months Ended March 31,					
	2016 Before Tax	Tax Effect	Net of Tax	2015 Before Tax	Tax Effect	Net of Tax
Foreign currency translation adjustments:						
Net unrealized losses arising during the period	\$6,573	\$	—\$6,573	\$(3,275)	\$	—\$(3,275)
Hedging activities:						
Net unrealized losses arising during the period	(32,965)	—	(32,965)	10,252	—	10,252
Reclassification of net realized losses into earnings	369	—	369	2,857	—	2,857
Net change	(32,596)	—	(32,596)	13,109	—	13,109
Other comprehensive loss	\$(26,023)	\$	—\$(26,023)	\$9,834	\$	—\$9,834
Less: Other comprehensive loss attributable to non-controlling interests, net of tax			(9,309)			(1,694)
Less: Pre-acquisition other comprehensive income of renewable energy facilities acquired from SunEdison			—			12,500
Other comprehensive loss attributable to Class A stockholders			\$(16,714)			\$(972)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and related notes thereto included as part of our Annual Report on Form 10-K for the year ended December 31, 2015 and our unaudited condensed consolidated financial statements for the three months ended March 31, 2016 and other disclosures included in this Quarterly Report on Form 10-Q. References in this section to "we," "our," "us," or the "Company" refer to TerraForm Power, Inc. and its consolidated subsidiaries. The results shown herein are not necessarily indicative of the results to be expected in any future period.

Overview

TerraForm Power, Inc. ("TerraForm Power") and its subsidiaries (the "Company") is a dividend growth-oriented company formed to own and operate contracted clean power generation assets. The Company's business objective is to acquire assets with high-quality contracted cash flows, primarily from owning clean power generation assets serving utility, commercial and residential customers. The Company's portfolio consists of renewable energy facilities located in the United States, Canada, the United Kingdom, and Chile with a combined nameplate capacity of 2,986.9 MW as of October 31, 2016.

TerraForm Power is a holding company and its sole asset is an equity interest in TerraForm Power, LLC, or "Terra LLC." TerraForm Power is the managing member of Terra LLC, and operates, controls and consolidates the business affairs of Terra LLC. Unless otherwise indicated or otherwise required by the context, references to "we," "our," "us," or the "Company" refer to TerraForm Power, Inc. and its consolidated subsidiaries.

Recent Developments

Information regarding recent developments appears in "Item 1. Business - Recent Developments," in the Company's 2015 annual report on Form 10-K, which was filed on December 5, 2016 and is incorporated herein by reference.

Growth of Our Portfolio

The following table provides an overview of the growth of our portfolio from December 31, 2015 through October 31, 2016:

Description	Source	Facility Type	Net Nameplate Capacity (MW) ¹	Number of Sites	Weighted Average Remaining Duration of PPA (Years) ²
Total Portfolio as of December 31, 2015			2,966.9	3,054	16
Additions to the Blackhawk Solar portfolio	SunEdison	Solar	18.0	1	20
Additions to the SUNE XVIII portfolio	SunEdison	Solar	1.2	3	20
Additions to the MPI portfolio	Third Party	Solar	0.7	3	17
Total Portfolio as of October 31, 2016 ³			2,986.9	3,061	15

(1) Net nameplate capacity represents the maximum generating capacity at standard test conditions of a facility multiplied by the Company's

percentage of economic ownership of that facility after taking into account any redeemable preference shares and stockholder loans the

Company holds. Our percentage of economic ownership is subject to change in future periods for certain facilities.

(2) Calculated as of December 31, 2015 and October 31, 2016, respectively.

(3) All facilities were in operation as of October 31, 2016.

Our Portfolio

Our current portfolio consists of renewable energy facilities located in the United States (including Puerto Rico), Canada, the United Kingdom and Chile with a combined nameplate capacity of 2,986.9 MW as of October 31, 2016. These renewable energy facilities generally have long-term PPAs with creditworthy counterparties. Our PPAs have a weighted average (based on MW) remaining life of 15 years as of October 31, 2016.

The following table lists the renewable energy facilities that comprise our portfolio as of October 31, 2016:

Facility Category / Portfolio	Location	Nameplate Capacity (MW)	Net Nameplate Capacity (MW) ¹	Number of Sites	Weighted Average Remaining Duration of PPA (Years) ²	Counterparty Credit Rating ³
Solar Distributed Generation:						
CD DG Portfolio	U.S.	77.8	77.8	42	16	A / Aa3
DG 2015 Portfolio 2	U.S.	48.1	48.1	30	19	AA- / Aa3
U.S. Projects 2014	U.S.	45.4	45.4	41	18	AA- / Aa3
DG 2014 Portfolio 1	U.S.	44.0	44.0	46	18	AA / Aa2
TEG	U.S.	33.8	32.0	56	13	AA / Aa1
HES	U.S.	25.2	25.2	67	13	AA / Aa2
MA Solar	U.S.	21.1	21.1	4	25	AA / Aaa
Summit Solar Projects	U.S.	19.6	19.6	50	11	AA+ / Aa1
U.S. Projects 2009-2013	U.S.	15.2	15.2	73	14	A / A2
SUNE XVIII	U.S.	16.1	16.1	21	20	AAA / Aaa
California Public Institutions	U.S.	13.5	7.0	5	17	AA- / Aa3
Enfinity	U.S.	13.2	13.2	15	15	A- / A2
MA Operating	U.S.	12.2	12.2	4	17	AA+ / Aa2
Duke Operating	U.S.	10.0	10.0	1	14	A / Aa2
SunE Solar Fund X	U.S.	8.8	8.8	12	14	AA+ / Aa1
Summit Solar Projects	Canada	3.8	3.8	7	15	NR / Aa2
MPI	Canada	4.5	4.5	13	18	NR / Aa2
Resi 2015 Portfolio 1	U.S.	12.9	12.9	1,806	19	NR / NR
Resi 2014 Portfolio 1	U.S.	2.8	2.8	700	16	NR / NR
Total Solar Distributed Generation		428.1	419.7	2,993	17	AA- / Aa2
Solar Utility:						
Mt. Signal	U.S.	265.8	265.8	1	23	A+ / Aa2
Regulus Solar	U.S.	81.6	81.6	1	18	BBB+ / A2
Blackhawk Solar Portfolio	U.S.	72.8	72.8	10	21	AA+ / Aa2
North Carolina Portfolio	U.S.	26.4	26.4	4	13	A / Aa2
Atwell Island	U.S.	23.5	23.5	1	21	BBB / A3
Nellis	U.S.	14.0	14.0	1	11	NR / NR
Alamosa	U.S.	8.2	8.2	1	11	BBB+ / A3
CalRENEW-1	U.S.	6.3	6.3	1	14	BBB / A3
Northern Lights	Canada	25.4	25.4	2	17	NR / Aa2
Marsh Hill	Canada	18.5	18.5	1	18	NR / Aa2
SunE Perpetual Lindsay	Canada	15.5	15.5	1	18	NR / Aa2
U.K. Utility Solar Portfolio	U.K.	208.4	208.4	14	13	A- / Baa1
Fairwinds & Crundale	U.K.	55.9	55.9	2	13	A- / Baa1
Stonehenge Q1	U.K.	41.2	41.2	3	13	A- / Baa1
Stonehenge Operating	U.K.	23.6	23.6	3	11	A+ / Aa3
Says Court	U.K.	19.8	19.8	1	13	A- / Baa1
Crucis Farm	U.K.	16.1	16.1	1	13	A- / Baa1
Norrington	U.K.	11.1	11.1	1	13	A- / Baa1
CAP	Chile	101.6	101.6	1	17	BB / NR

Total Solar Utility	1,035.7	1,035.7	50	17	A- / A1
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Facility Category / Portfolio	Location	Nameplate Capacity (MW)	Net Nameplate Capacity (MW) ¹	Number of Sites	Weighted Average Remaining Duration of PPA (Years) ²	Counterparty Credit Rating ³
Wind Utility:						
South Plains I	U.S.	200.0	200.0	1	12	BBB+ / A3
California Ridge	U.S.	217.1	195.6	1	16	AA+ / Aaa
Bishop Hill	U.S.	211.4	190.5	1	16	AA+ / Aaa
Rattlesnake	U.S.	207.2	186.7	1	11	BBB+ / Baa1
Prairie Breeze	U.S.	200.6	180.7	1	23	AA / Aa2
Cohocton	U.S.	125.0	125.0	1	3	BBB+ / Baa1
Stetson I & II	U.S.	82.5	82.5	2	3	BBB / Baa2
Rollins	U.S.	60.0	60.0	1	15	A- / A2
Mars Hill	U.S.	42.0	42.0	1	1	A+ / Aa2
Sheffield	U.S.	40.0	40.0	1	11	A+ / NR
Bull Hill	U.S.	34.5	34.5	1	10	A / A2
Kaheawa Wind Power I	U.S.	30.0	30.0	1	10	BBB- / NR
Kahuku	U.S.	30.0	30.0	1	14	BBB- / Baa2
Kaheawa Wind Power II	U.S.	21.0	21.0	1	16	BBB- / NR
Steel Winds I & II	U.S.	35.0	35.0	2	3	BBB+ / A3
Raleigh	Canada	78.0	78.0	1	14	NR / Aa2
Total Wind Utility		1,614.3	1,531.5	18	13	A / A1
Total Renewable Energy Facilities ⁴		3,078.1	2,986.9	3,061	15	A / A1

(1) Net nameplate capacity represents the maximum generating capacity at standard test conditions of a facility multiplied by the Company's

percentage of economic ownership of that facility after taking into account any redeemable preference shares and stockholder loans the

Company holds. Our percentage of economic ownership is subject to change in future periods for certain facilities.

(2) Calculated as of October 31, 2016.

Represents counterparty credit rating issued by S&P and/or Moody's as of October 31, 2016. The percentage of

(3) counterparties based on MW that are rated by S&P and/or Moody's for our distributed generation portfolios with multiple counterparties is as follows:

CD DG Portfolio: 88%

DG 2014 Portfolio 1: 49%

DG 2015 Portfolio 2: 69%

Enfinity: 8%

HES: 44%

TEG: 76%

MA Solar: 47%

Summit Solar Projects (U.S.): 72%

SunE Solar Fund X: 64%

SUNE XVIII: 38%

U.S. Projects 2009-2013: 58%

U.S. Projects 2014: 92%

(4) All facilities were in operation as of October 31, 2016.

Call Right Projects

We entered into the Support Agreement with SunEdison in connection with our IPO, which requires SunEdison to offer us additional qualifying projects from its development pipeline that represented at least \$175.0 million of cash available for distribution. In addition, we entered into an Intercompany Agreement with SunEdison, pursuant to which we have been granted additional call rights with respect to certain projects in the First Wind pipeline. As a result of the SunEdison Bankruptcy, we do not expect that we will be able to acquire from SunEdison any additional Call Right Projects and add such projects to our operating fleet. As our long-term growth strategy is the acquisition of new renewable energy facilities, including under the Support Agreement and Intercompany Agreement, losing our ability to acquire Call Right Projects may negatively impact our ability to grow our portfolio and we may be required to seek such growth primarily from third party acquisitions.

On September 25, 2016, we filed our initial proof of claim in the SunEdison Bankruptcy, which was amended on October 7, 2016. This proof of claim asserted claims based on, among other things, SunEdison's breach of the sponsorship arran

gement between us and SunEdison which included the Support Agreement and Intercompany Agreement.

In addition to our Call Right Projects under the Support Agreement and Intercompany Agreement, our Call Right Projects also include 0.5 GW (net) of operating wind power plants owned by a SunEdison warehouse (the "AP Warehouse"). The legal entities that comprise the AP Warehouse have not filed for bankruptcy. We are currently exploring acquiring a ten to twenty percent interest in the Call Right Projects in the AP Warehouse.

Key Metrics

Operating Metrics

Nameplate capacity

We measure the electricity-generating production capacity of our renewable energy facilities in nameplate megawatt capacity. Rated capacity is the expected maximum output a power generation system can produce without exceeding its design limits. Nameplate capacity is the rated capacity of all of the renewable energy facilities we own adjusted to reflect our economic ownership of joint ventures and similar power generation facilities. We measure nameplate capacity for solar generation facilities in MW(dc) and for wind power plants in MW(ac). The size of our renewable energy facilities varies significantly among the assets comprising our portfolio. We believe the aggregate nameplate megawatt capacity of our portfolio is indicative of our overall production capacity and period to period comparisons of our nameplate megawatt capacity are indicative of the growth rate of our business. Our renewable energy facilities had an aggregate nameplate capacity of 2,986.9 MW as of March 31, 2016.

Gigawatt hours sold

Gigawatt hours sold refers to the actual volume of electricity sold by our renewable energy facilities during a particular period. We track gigawatt hours sold as an indicator of our ability to realize cash flows from the generation of electricity at our renewable energy facilities. Our GWh sold for solar generation facilities the three months ended March 31, 2016 and 2015 were 454.5 GWh and 340.4 GWh, respectively. Our GWh sold for wind power plants for the three months ended March 31, 2016 and 2015 were 1,552.6 GWh and 261.4 GWh, respectively.

Consolidated Results of Operations

The results of the Company include the operating results of Terra LLC for the three months ended March 31, 2016 and 2015 and \$1.0 million and \$5.1 million of stock-based compensation expense, respectively. The following table illustrates the consolidated results of operations for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
(In thousands)	2016	2015
Operating revenues, net	\$153,917	\$70,515
Operating costs and expenses:		
Cost of operations	30,196	16,820
Cost of operations - affiliate	6,846	3,643
General and administrative expenses	17,183	9,939
General and administrative expenses - affiliate	5,437	6,027
Acquisition and related costs	2,743	13,722
Acquisition and related costs - affiliate	—	436
Depreciation, accretion and amortization expense	59,007	31,891
Total operating costs and expenses	121,412	82,478
Operating income (loss)	32,505	(11,963)
Other expenses:		
Interest expense, net	68,994	36,855
Loss on extinguishment of debt, net	—	20,038
Loss on receivables - affiliate	845	
(Gain) loss on foreign currency exchange, net	(4,493)	14,369
Other expenses, net	567	480
Total other expenses, net	65,913	71,742
Loss before income tax expense (benefit)	(33,408)	(83,705)
Income tax expense (benefit)	97	(45)
Net loss	(33,505)	(83,660)
Less: Pre-acquisition net loss of renewable energy facilities acquired from SunEdison	—	—
Net loss excluding pre-acquisition net loss of renewable energy facilities acquired from SunEdison	(33,505)	(83,660)
Less: Net income (loss) attributable to redeemable non-controlling interests	2,545	(169)
Less: Net loss attributable to non-controlling interests	(35,569)	(55,375)
Net loss attributable to Class A common stockholders	\$(481)	\$(28,116)

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

Operating revenues, net for the three months ended March 31, 2016 and 2015 were as follows:

(In thousands, other than MW data)	Three Months Ended March 31,		
	2016	2015	Change
Energy:			
Solar	\$47,772	\$35,708	\$12,064
Wind	73,419	15,196	58,223
Incentives including affiliates:			
Solar	23,376	12,662	10,714
Wind	9,350	6,949	2,401
Total operating revenues, net	\$153,917	\$70,515	\$83,402

GWh sold:

Solar	454.5	340.4
Wind	1,552.6	261.4
Total GWh sold	2,007.1	601.8

Net nameplate capacity (MW):

Solar	1,445.0	1,174.5
Wind	1,531.5	500.0
Total net nameplate capacity (MW) ¹	2,976.5	1,674.5

⁽¹⁾ Operational at the end of the period (excludes 10.4 MW of solar generation facilities under construction as of March 31, 2016).

Energy revenues increased by \$70.3 million during the three months ended March 31, 2016, compared to the same period in 2015, due to:

(In thousands)	Solar	Wind	Total
Increase in energy revenues from renewable energy facilities achieving commercial operations	\$1,828	\$—	\$1,828
Increase in energy revenues from acquisitions of renewable energy facilities from SunEdison and unaffiliated third parties	3,208	66,267	69,475
Amortization of revenue contracts	(2,795)	(8,044)	(10,839)
	\$12,064	\$58,223	\$70,287

Incentive revenue increased by \$13.1 million during the three months ended March 31, 2016, compared to the same period in 2015, due to:

(In thousands)	Solar	Wind	Total
Increase in incentive revenues from renewable energy facilities achieving commercial operations	\$2,109	\$—	\$2,109
Increase in incentive revenues from acquisitions of renewable energy facilities from SunEdison and unaffiliated third parties	3,148	2,401	5,549
Increase in incentive revenues from acquisitions of Call Right Projects and operating renewable energy facilities from SunEdison	3,682	—	3,682
Existing renewable energy facility incentive revenue	1,775	—	1,775
	\$10,714	\$2,401	\$13,115

Costs of Operations

Costs of operations for the three months ended March 31, 2016 and 2015 were as follows:

(In thousands)	Three Months Ended March 31,		
	2016	2015	Change
Cost of operations:			
Solar	\$9,657	\$6,972	\$2,685
Wind	20,539	9,848	10,691
Cost of operations - affiliate:			
Solar	5,815	3,643	2,172
Wind	1,031	—	1,031
Total cost of operations	\$37,042	\$20,463	\$16,579

Cost of operations increased \$13.4 million during the three months ended March 31, 2016, compared to the same period in 2015, due to:

(In thousands)	Solar	Wind	Total
Increase in cost of operations relating to acquisitions of renewable energy facilities from SunEdison and unaffiliated third parties	2,441	10,691	13,132
Existing renewable energy facility cost of operations	244	—	244
	\$2,685	\$10,691	\$13,376

Cost of operations - affiliate increased \$3.2 million during the three months ended March 31, 2016, compared to the same period in 2015, due to:

(In thousands)	Solar	Wind	Total
Increase in cost of operations - affiliate relating to acquisitions of renewable energy facilities from SunEdison and unaffiliated third parties	1,970	1,031	3,001
Existing renewable energy facility cost of operations - affiliate	202	—	202
	\$2,172	\$1,031	\$3,203

General and Administrative Expenses

General and administrative expenses for the three months ended March 31, 2016 and 2015 were as follows:

(In thousands)	Three Months Ended March 31,		
	2016	2015	Change
General and administrative expenses:			
Solar	\$3,018	\$3,807	\$(789)
Wind	357	—	357
Corporate	13,808	6,132	7,676
General and administrative expenses - affiliate:			
Corporate	5,437	6,027	(590)
Total general and administrative expenses	\$22,620	\$15,966	\$6,654

General and administrative expenses increased by \$7.2 million compared to the three months ended March 31, 2015, and general and administrative expenses - affiliate increased by \$(0.6) million compared to the three months ended March 31, 2015 due to:

(In thousands)	General and administrative expenses	General and administrative expenses - affiliate
(Decrease) increase due to stock-based compensation expense	\$ (4,644)	\$ 553
Increased project-level costs related to owning additional renewable energy facilities	4,114	—
Increased corporate costs due to higher professional fees for legal and accounting services primarily due to the SunEdison Bankruptcy	7,774	(1,143)
Total change	\$ 7,244	\$ (590)

Pursuant to the MSA, we made cash payments to SunEdison of \$1.8 million for general and administrative services provided to us for the three months ended March 31, 2016. General and administrative - affiliate costs in excess of cash consideration paid have been treated as an equity contribution from SunEdison. The cash fees payable to SunEdison are capped at \$7.0 million in 2016 and \$9.0 million in 2017, which are substantially below the actual costs of the services performed under the contract recorded as general and administrative expenses - affiliate in the statements of operations. If SunEdison terminates or rejects the MSA, or defaults or is otherwise unable to perform its obligations under the agreement or seeks to significantly renegotiate the agreement, we may be unable to contract with a substitute service provider on similar terms or at all. However, we expect to be able to continue to operate our business pursuant to contingency plans that we have been developing.

We are currently exploring strategic alternatives. Pursuant to the TerraForm Power, Inc. 2014 Second Amended and Restated Long-Term Incentive Plan, if this strategic initiative results in a change in control, or if the SunEdison Bankruptcy results in a liquidation event for SunEdison, all outstanding equity awards will vest, which would result in a significant charge for stock-based compensation expense in such period. As of September 30, 2016, the Company had \$19.9 million of unrecognized compensation expense related to outstanding equity awards.

Acquisition and Related Costs

Acquisition and related costs, including amounts related to affiliates, were \$2.7 million during the three months ended March 31, 2016, compared to \$14.2 million during the same period in 2015. These fees primarily consist of investment banking advisory fees and professional fees for legal and accounting services related to our consummated acquisitions. The decrease relative to prior year is primarily due to the acquisitions of First Wind during the first quarter of 2015.

Depreciation, Accretion and Amortization Expense

Depreciation, accretion and amortization expense increased by \$27.1 million during the three months ended March 31, 2016, compared to the same period in 2015, due to:

(In thousands)	Solar ¹	Wind	Total
Increases in depreciation, accretion and amortization expense relating to facilities achieving commercial operations	\$632	\$—	\$632
Increases in depreciation, accretion and amortization expense relating to acquisitions of renewable energy facilities from SunEdison and unaffiliated third parties	5,493	20,991	26,484
	\$6,125	\$20,991	\$27,116

Interest Expense, Net

Interest expense, net increased by \$32.1 million during the three months ended March 31, 2016, compared to the same period in 2015, primarily due to increased indebtedness resulting from acquisitions and increased corporate-level indebtedness under the Revolver and the issuance of the Senior Notes due 2023 and the Senior Notes due 2025. We received an equity contribution of \$8.0 million from SunEdison in connection with SunEdison's payment obligations under the Amended Interest Payment Agreement during the three months ended March 31, 2016. This agreement may be terminated as a result of the SunEdison Bankruptcy. If the Amended Interest Payment Agreement is terminated, we expect to continue servicing our debt obligations with current liquidity and cash flow from operations.

	Three Months Ended March 31,		
(In thousands)	2016	2015	Change
Corporate-level	\$29,513	\$19,760	\$9,753
Non-recourse:			
Solar	18,430	\$16,338	2,092
Wind	21,051	\$757	20,294
Total interest expense, net	\$68,994	\$36,855	\$32,139

Loss (Gain) on Extinguishment of Debt, net

We did not have any gains or losses on the extinguishment of debt during the three months ended March 31, 2016. We recognized a net loss on extinguishment of debt of \$20.0 million for the three months ended March 31, 2015 due to the following: i) the termination of a term loan and related interest rate swap, ii) the exchange of the previous revolver to the Revolver, iii) prepayment of premium paid in conjunction with the payoff of First Wind indebtedness at the acquisition date. The net loss on extinguishment of debt for the three months ended March 31, 2016 and 2015 related to the following corporate-level debt instruments and renewable energy facility portfolios:

	Three Months Ended March 31, 2016	2015
(In thousands)		
Term loan extinguishment and related fees	\$—	\$12,320
Revolver	—	1,306
First Wind	—	6,412
Total net loss on extinguishment of debt	\$—	\$20,038

Gain on Foreign Currency Exchange, net

We incurred a net gain on foreign currency exchange of \$4.5 million for the three months ended March 31, 2016, driven by a \$5.6 million unrealized gain on the remeasurement of intercompany loans, which are primarily denominated in British pounds. These remeasurement gains were partially offset by \$0.5 million of realized and unrealized net gains on foreign currency derivatives.

Income Tax Provision

Income tax expense was \$0.1 million for the three months ended March 31, 2016, compared to an income tax benefit of \$45.0 thousand during the same period in 2015. For the three months ended March 31, 2016, and the three months ended March 31, 2015, the overall effective tax rate was different than the statutory rate of 35% primarily due to the recording of a valuation allowance on certain tax benefits attributed to the Company. As of March 31, 2016, most jurisdictions are in a net deferred tax asset position. A valuation allowance is recorded against the deferred tax assets primarily because of the history of losses in those jurisdictions.

Net Loss Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests including redeemable non-controlling interests, was \$33.0 million for the three months ended March 31, 2016. This was the result of a \$7.3 million loss attributable to SunEdison's interest in Terra LLC's net income during the three months ended March 31, 2016 and a \$25.5 million loss attributable to project-level tax equity partnerships. Net loss attributable to non-controlling interests was \$55.4 million for the three

months ended March 31, 2015. This was the result of a \$30.4 million loss attributable to SunEdison's and R/C US Solar Investment Partnership, L.P.'s ("Riverstone") interest in Terra LLC's net loss during the three months ended March 31, 2015 and a \$25.0 million loss attributable to project-level tax equity partnerships.

Liquidity and Capital Resources

Our principal liquidity requirements are to finance current operations, service our debt and to fund cash dividends to our investors. We will also use capital in the future to finance expansion capital expenditures and acquisitions. Historically, our Predecessor's operations were financed as part of SunEdison's integrated operations and largely relied on internally generated cash flow as well as corporate and/or project-level borrowings to satisfy capital expenditure requirements. Our operations continue to be financed by internally generated cash flows as well as corporate and/or project-level borrowings to satisfy capital expenditure requirements. As a normal part of our business, depending on market conditions, we will from time to time consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated electricity sales, increased expenses, inability to distribute funds from our projects as a result of defaults under project-level financing arrangements, actions of SunEdison and other third parties, acquisitions, the consequences of the SunEdison Bankruptcy or other events may cause us to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and additional covenants and operating restrictions that may negatively impact our business, operations and financial condition. Equity financing, if any, could result in the dilution of our existing stockholders and make it more difficult for us to maintain our dividend policy.

Liquidity Position

Total corporate liquidity, or liquidity available for corporate use, as of March 31, 2016 was \$537.7 million. Corporate liquidity excludes \$90.3 million of unrestricted cash held at our project subsidiaries, which was available for project expenses but not available for corporate use.

Total liquidity as of March 31, 2016 and December 31, 2015 was \$628.0 million, and was comprised of the following:

	As of
	March
	31,
(In thousands)	2016
Unrestricted corporate cash	\$504,342
Project-level distributable cash	30,547
Revolver availability	2,809
Total corporate liquidity	537,698
Project-level unrestricted cash	90,269
Total liquidity	\$627,967

Total liquidity as of October 31, 2016 was \$553.8 million, comprised of unrestricted cash of \$552.2 million and availability under the Revolver of \$1.6 million. Total liquidity as of October 31, 2016, includes \$31.2 million of unrestricted cash held at our project subsidiaries, which is available for project expenses but not available for corporate use. Total corporate liquidity as of October 31, 2016 was \$522.6 million.

On November 25, 2016, Terra Operating LLC entered into a waiver agreement with the requisite lenders under the Revolver. In connection with this waiver, Terra Operating LLC made a prepayment of the revolving loans outstanding under the Revolver in an aggregate amount equal to \$30.0 million and permanently reduced the revolving commitments and borrowing capacity under the Revolver and our liquidity by that amount. In connection with the consent agreement to the terms of the Revolver, Terra Operating LLC repaid \$70.0 million of revolving loans outstanding under the Revolver on December 1, 2016 from proceeds received in connection with the Canadian project-level financing (as discussed in "Recent Developments") and permanently reduced the revolving commitments and borrowing capacity by such amount. As a result of these two commitment reductions, the total borrowing capacity

under our Revolver has been reduced to \$625.0 million as of December 1, 2016.

As a result of the SunEdison Bankruptcy and delays in delivery of audited financial statements for certain project-level subsidiaries, among other things, we experienced defaults under most of our non-recourse financing agreements, which has currently caused \$102.7 million of cash held at project subsidiaries to be trapped for distribution as of October 31, 2016. These defaults are generally curable and we are currently working with our project lenders and finance parties to obtain waivers and/or forbearance agreements as we seek to cure such defaults, however no assurances can be given that such waivers and/or forbearance agreements will be obtained.

Management believes that our current corporate liquidity position and distributable operating cash flows will be adequate to finance our short-term growth commitments, operating and maintenance capital expenditures, and other liquidity

commitments. As discussed above in the context of current market conditions, management continues to regularly monitor our ability to finance the needs of the operating, financing and investing activities of our business within the dictates of prudent balance sheet management as our long-term growth will require additional capital.

Sources of Liquidity

Our principal sources of liquidity generally include cash on hand, cash generated from operations, borrowings under new and existing financing arrangements and the issuance of additional equity and debt securities as appropriate given market conditions. We are currently limited in our ability to access the capital markets for our debt and equity securities at costs that are attractive to us. We expect that sources of funds that are available to us, including cash on hand and cash generated from our operations, will be adequate to provide for our short-term and long-term liquidity needs. Our ability to meet our debt service obligations and other capital requirements (including capital expenditures), as well as make acquisitions, will depend on our future operating performance which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control.

Uses of Liquidity

Our principal requirements for liquidity and capital resources, other than for operating our business, can generally be categorized by the following: (i) funding acquisitions, if any; (ii) debt service obligations; and (iii) cash dividends to investors. Generally, once commercial operation is achieved, renewable energy facilities do not require significant capital expenditures to maintain operating performance.

Funding Acquisitions

Commitments to Acquire Renewable Energy Facilities from SunEdison

We currently have no open commitments to acquire renewable energy facilities from SunEdison.

Commitments for Third Party Acquisitions

The Company had previously committed \$58.7 million in cash to acquire renewable energy facilities from third parties with a combined nameplate capacity of 98.6 MW. This commitment expired on July 1, 2016. As a result, while the purchase agreement remains in force, Invenergy and the Company now have the right to terminate the purchase agreement with respect to these two additional facilities at any time. Invenergy Wind may be unwilling to extend this deadline or to do so on terms acceptable to the Company. The Company also may determine not to extend the commitment or consummate the acquisition. If the purchase agreement is terminated by either party, the Company will not purchase these facilities.

Debt Service Obligations

SunEdison is a party to or guarantor of a material project agreement, such as asset management or O&M contracts, for most of our non-recourse financing arrangements. As a result of the SunEdison Bankruptcy and delays in delivery of audited financial statements for certain project-level subsidiaries, the Company has experienced defaults under most of its non-recourse financing agreements. Any corresponding contractual grace periods for the instruments in default have already expired as of the financial statement issuance date or the Company cannot assert at this time that it is probable that the violation will be cured within any remaining grace periods. While the Company is actively negotiating with the lenders to obtain waivers, the lenders have not currently waived or subsequently lost the right to demand repayment for more than one year from the balance sheet date with respect to these debt instruments.

Additionally, as these defaults occurred prior to the issuance of the financial statements for the three months ended March 31, 2016, \$1.9 billion of the Company's non-recourse long-term indebtedness, net of unamortized debt discounts and deferred financing costs, has been reclassified to current in the unaudited condensed consolidated balance sheet. Of the total amount reclassified, \$425.3 million was then reclassified from current portion of long-term debt and financing lease obligations to current liabilities related to our UK assets that are held for sale as of March 31, 2016.

The aggregate amounts of payments on long-term debt including financing lease obligations, and excluding amortization of debt discounts and premiums, due after March 31, 2016 are as follows:

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(In thousands)	Remainder of 2016 ¹	2017	2018	2019	2020	Thereafter	Total
Maturities of long-term debt and finance leases	\$ 129,028	\$90,251	\$ 112,092	\$ 562,692	\$ 717,817	\$ 2,545,637	\$4,157,517

Includes \$16.7 million of construction debt for the utility-scale renewable energy facility located in the U.S. acquired in 2016 from SunEdison. This debt was repaid by SunEdison during the third quarter of 2016 upon completion of the acquisition and the Company's payment of the second installment of the purchase price. Also includes \$30.0 million of Revolver indebtedness that was paid during the fourth quarter of 2016.

Represents the contractual principal payment due dates for our long-term debt and does not reflect the reclassification of \$1.5 billion of long-term debt to current as a result of debt defaults under most of our non-recourse financing arrangements.

Interest Payment Agreement

In connection with the closing of the IPO on July 23, 2014, we entered into the Interest Payment Agreement with SunEdison and its wholly owned subsidiary, SunEdison Holdings Corporation, pursuant to which SunEdison has agreed to pay all of the scheduled interest on the Term Loan through July 23, 2017, up to an aggregate of \$48.0 million over such period (plus any interest due on any payment not remitted when due). We received equity contributions totaling \$4.0 million from SunEdison pursuant to the Interest Payment Agreement for the three months ended March 31, 2015. No such equity contributions were received pursuant to the Interest Payment Agreement during the three months ended March 31, 2016.

On January 28, 2015, concurrent with the issuance of the Senior Notes due 2023, Terra LLC and Terra Operating LLC entered into the Amended and Restated Interest Payment Agreement (the "Amended Interest Payment Agreement") with SunEdison. The Amended Interest Payment Agreement amends and restates the Interest Payment Agreement, all in accordance with the terms of the Intercompany Agreement such that the amount of support provided by SunEdison remained the same despite the refinancing of the Term Loan. During the three months ended March 31, 2016, we received equity contributions totaling \$8.0 million from SunEdison pursuant to the Amended Interest Payment Agreement, which were accrued for during fiscal 2015.

On July 29, 2016, SunEdison delivered a notice purporting to terminate the Amended Interest Payment Agreement.

The notice alleges that SunEdison's bankruptcy permits termination as of right without following the bankruptcy procedures for rejection of executory contracts. We do not expect SunEdison to perform under the Amended Interest Payment Agreement going forward. On September 25, 2016, the Company filed its initial proof of claim in the SunEdison Bankruptcy, which was amended on October 7, 2016. This proof of claim asserted claims based on, among other things, SunEdison's breach of the sponsorship arrangement between the Company and SunEdison which included the Support Agreement and Intercompany Agreement. We intend to continue to contest the validity of the termination notice.

Cash Dividends to Investors

We have not declared or paid a dividend for the fourth quarter of 2015 or the first, second or third quarter of 2016. We believe it is prudent to defer any decisions on paying dividends to our shareholders for the time being. As such, we have not caused Terra LLC to make any distributions with respect to the fourth quarter of 2015 or the first, second or third quarter of 2016 to its members (including to TerraForm Power as the sole holder of the Class A units and to SunEdison as the sole holder of the Class B units). In light of SunEdison's failure to perform under its Sponsorship Arrangements, including the Management Services Agreement and Interest Payment Agreement, and the risks that we face (as described in our annual report on Form 10-K filed December 5, 2016), we cannot give any assurance that

there will not be a substantial reduction in our cash available for distribution and in any dividends that we pay in the future on an annualized basis in comparison to the annualized dividends that we have paid in the past.

Incentive Distribution Rights

IDRs represent the right to receive increasing percentages (15.0%, 25.0% and 50.0%) of Terra LLC's quarterly distributions after the Class A Units, Class B units, and Class B1 units of Terra LLC have received quarterly distributions in an amount equal to \$0.2257 per unit and the target distribution levels have been achieved. Upon the completion of the IPO, SunEdison holds 100% of the IDRs. As of March 31, 2016, there were no Class B1 units of Terra LLC outstanding. There were no IDR payments made by us during the three months ended March 31, 2016 and 2015.

Cash Flow Discussion

We use traditional measures of cash flow, including net cash provided by (used in) operating activities, net cash used in investing activities and net cash provided by financing activities to evaluate our periodic cash flow results.

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

The following table reflects the changes in cash flows for the comparative periods:

(In thousands)	Three Months Ended		
	March 31,		
	2016	2015	Change
Net cash provided by (used in) operating activities	\$35,274	\$(10,609)	\$45,883
Net cash used in investing activities	(30,137)	(1,207,462)	1,177,325
Net cash (used in) provided by financing activities	(6,639)	903,523	(910,162)

Net Cash Provided By Operating Activities

The increase in net cash provided by operating activities is driven by an increase in operating income, excluding the impact of non-cash items compared to the three months ended March 31, 2015.

Net Cash Used In Investing Activities

Net cash used in investing activities for the three months ended March 31, 2016 was \$30.1 million, which includes \$31.7 million of cash paid to third parties for the construction of renewable energy facilities, \$4.1 million of cash paid to third parties for acquisitions of renewable energy facilities, offset by \$5.6 million of deposits into restricted cash accounts. Net cash used in investing activities for the three months ended March 31, 2015 was \$1.2 billion, which includes \$182.4 million of cash paid to third parties for the construction of renewable energy facilities and \$998.0 million of cash paid to third parties for acquisitions of renewable energy facilities.

Net Cash Provided By Financing Activities

Net cash used in financing activities for the three months ended March 31, 2016 was \$6.6 million, which was driven by \$29.7 million of principal payments on long-term debt and \$11.6 million decrease in our net payable to SunEdison, which were partially offset by financing inflows of \$29.7 million related to contributions received from SunEdison. Net cash provided by financing activities for the three months ended March 31, 2015 was \$903.5 million, which consisted of \$342.2 million of net proceeds from our January 22, 2015 equity offering, \$793.7 million of proceeds from the Senior Notes due 2023, offset by the \$573.5 million repayment of our term loan, and dividend payments of \$15.1 million.

Off-Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements.

Recently Issued Accounting Standards

See Item 1. Financial Statements, Footnote 1 - Nature of Operations and Basis of Presentation to the unaudited condensed consolidated financial statements.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks, and uncertainties and typically include words or variations of words such as “expect,” “anticipate,” “believe,” “intend,” “plan,” “seek,” “estimate,” “predict,” “project,” “goal,” “guidance,” “objective,” “forecast,” “target,” “potential,” “continue,” “would,” “will,” “should,” “could,” or “may” or other comparable terms and phrases. All statements that address operating performance, events, or developments that the Company expects or anticipates will occur in the future are forward-looking statements. They may include estimates of expected adjusted EBITDA, CAFD, adjusted revenue, earnings, revenues, capital expenditures, liquidity, capital structure, future growth, financing arrangements and other financial performance items (including future dividends per share), descriptions of management’s plans or objectives for future operations, products, or services, or descriptions of assumptions underlying any of the above. Forward-looking statements provide the Company’s current expectations or predictions of future conditions, events, or results and speak only as of the date they are made. Although the Company believes its expectations and assumptions are reasonable, it can give no assurance that these expectations and assumptions will prove to have been correct and actual results may vary materially.

Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are listed below and further disclosed under the section entitled Item 1A. Risk Factors:

- risks related to our relationship with SunEdison;
- risks related to the SunEdison Bankruptcy, including our transition away from reliance on SunEdison for management, corporate and accounting services, employees, critical systems and information technology infrastructure, and the operation, maintenance and asset management of our renewable energy facilities;
- risks related to events of default and potential events of default arising under (i) our revolving credit facility (the “Revolver”), (ii) the indentures governing our Senior Notes due 2023 and 2025 (the “Indentures”), and/or (iii) project-level financings and other agreements related to the SunEdison Bankruptcy, our failure to obtain corporate and/or project level audits, SunEdison’s failure to perform its obligations under project level agreements, and/or related adverse effects on our business and operations (including the delay in our SEC filings) and other factors;
- risks related to failure to satisfy the requirements of the Nasdaq, which could result in delisting of our common stock;
- risks related to our exploration and potential execution of strategic alternatives;
- our ability to integrate the renewable energy facilities we acquire from third parties or otherwise and realize the anticipated benefits from such acquisitions;
- the willingness and ability of the counterparties to our offtake agreements to fulfill their obligations under such agreements;
 - price fluctuations, termination provisions and buyout provisions related to our offtake agreements;
- our ability to enter into contracts to sell power on acceptable terms as our offtake agreements expire;
- our ability to successfully identify, evaluate and consummate acquisitions;
- government regulation, including compliance with regulatory and permit requirements and changes in market rules, rates, tariffs, environmental laws and policies affecting renewable energy, particularly any such changes that may be implemented following the recent elections in the U.S.;
- operating and financial restrictions placed on us and our subsidiaries related to agreements governing our indebtedness and other agreements of certain of our subsidiaries and project-level subsidiaries generally and in our Revolver and the Indentures;
- the condition of the debt and equity capital markets and our ability to borrow additional funds and access capital markets, as well as our substantial indebtedness and the possibility that we may incur additional indebtedness going forward;
- our ability to compete against traditional and renewable energy companies;

hazards customary to the power production industry and power generation operations such as unusual weather conditions, catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, interconnection problems or other developments, environmental incidents, or electric transmission constraints and curtailment and the possibility that we may not have adequate insurance to cover losses as a result of such hazards;

the variability of wind and solar resources, which may result in lower than expected output of our renewable energy facilities;

our ability to expand into new business segments or new geographies;

departure of some or all of the employees providing services to us, particularly executive officers or key employees and operations and maintenance or asset management personnel;

pending and future litigation;

our ability to operate our business efficiently, to operate and maintain our information technology, technical, accounting and generation monitoring systems, to manage capital expenditures and costs tightly, to manage risks related to international operations such as currency exposure and to generate earnings and cash flows from our asset-based businesses in relation to our debt and other obligations, including in light of the SunEdison Bankruptcy and the ongoing process to establish separate information technology and other systems; and potential conflicts of interests or distraction due to the fact that most of our directors and executive officers are also directors and executive officers of TerraForm Global, Inc.

The Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data, or methods, future events, or other changes, except as required by law. The foregoing list of factors that might cause results to differ materially from those contemplated in the forward-looking statements should be considered in connection with information regarding risks and uncertainties, which are described in this report, as well as additional factors we may describe from time to time in other filings with the SEC. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to several market risks in our normal business activities. Market risk is the potential loss that may result from market changes associated with our business or with an existing or forecasted financial or commodity transaction. The types of market risks we are exposed to are interest rate risk, foreign currency risk and commodity risk. We do not use derivative financial instruments for speculative or trading purposes.

Interest Rate Risk

As of March 31, 2016, the estimated fair value of our debt was \$3,896.3 million and the carrying value of our debt was \$4,106.9 million. We estimate that a hypothetical 100 bps, or 1%, increase and decrease in market interest rates would have decreased and increased the fair value of our long-term debt by \$70.8 million and \$79.3 million, respectively.

As of March 31, 2016, our corporate-level debt consisted of the Senior Notes due 2023 (fixed rate), the Senior Notes due 2025 (fixed rate) and the Revolver (variable rate). We have not entered into any interest rate derivatives to swap our variable rate corporate-level debt to a fixed rate.

As of March 31, 2016, our project-level and other non-recourse debt were at both fixed and variable rates. We have entered into interest rate derivatives to swap certain of our variable rate project-level and non-recourse debt to a fixed rate. Although we intend to use hedging strategies to mitigate our exposure to interest rate fluctuations, we may not hedge all of our interest rate risk and, to the extent we enter into interest rate hedges, our hedges may not necessarily have the same duration as the associated indebtedness. Our exposure to interest rate fluctuations will depend on the amount of indebtedness that bears interest at variable rates, the time at which the interest rate is adjusted, the amount of the adjustment, our ability to prepay or refinance variable rate indebtedness when fixed rate debt matures and needs to be refinanced and hedging strategies we may use to reduce the impact of any increases in rates. We estimate that a hypothetical 100 bps, or 1%, increase or decrease in our variable interest rates pertaining to interest rate swaps not designated as hedges would have increased or decreased our earnings by \$3.3 million or \$3.5 million, respectively, for the three months ended March 31, 2016.

Foreign Currency Risk

During the three months ended March 31, 2016 and 2015, we generated operating revenues in the United States and Puerto Rico, Canada, the United Kingdom, and Chile, with our revenues being denominated in U.S. dollars, Canadian dollars and British pounds. The PPAs, operating and maintenance agreements, financing arrangements and other contractual arrangements relating to our current portfolio are denominated in U.S. dollars, Canadian dollars and British pounds.

We use currency forward contracts in certain instances to mitigate the financial market risks of fluctuations in foreign currency exchange rates. We manage our foreign currency exposures through the use of these currency forward contracts to reduce risks arising from the change in fair value of certain assets and liabilities denominated in British pounds and Canadian dollars. The objective of these practices is to minimize the impact of foreign currency fluctuations on our operating results. We estimate that a hypothetical 100 bps, or 1%, increase and decrease in foreign exchange rates would have the following impacts on our earnings for the three months ended March 31, 2016:

	-100	+100
(in thousands)	BPS	BPS
Canadian Dollars	\$(290)	\$284
British Pounds	292	(292)
Total	\$2	\$(8)

Commodity Risk

For certain of our wind power plans, we use long-term cash settled swap agreements to economically hedge commodity price variability inherent in wind electricity sales arrangements. If we sell electricity generated by our wind power plants to an independent system operator market and there is no PPA available, then we may enter into a commodity swap to hedge all or a portion of the estimated revenue stream. These price swap agreements require periodic settlements, in which we receive a fixed-price based on specified quantities of electricity and we pay the counterparty a variable market price based on the same specified quantity of electricity. We estimate that a hypothetical 1,000 bps, or 10%, increase or decrease in electricity sales prices pertaining to commodity swaps not designated as hedges would have decreased or increased our earnings by \$5.5 million for the three months ended March 31, 2016.

Liquidity Risk

The Company's principal liquidity requirements are to finance current operations, service debt and to fund cash dividends to investors. Changes in operating plans, lower than anticipated electricity sales, increased expenses, acquisitions or other events may cause management to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and additional covenants and operating restrictions. The Company's ability to meet its debt service obligations and other capital requirements, including capital expenditures, as well as make acquisitions, will depend on the Company's future operating performance which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond management's control.

Credit Risk

Credit risk relates to the risk of loss resulting from non-performance or non-payment by offtake counterparties or SunEdison under the terms of their contractual obligations, thereby impacting the amount and timing of expected cash flows. We monitor and manage credit risk through credit policies that include a credit approval process and the use of credit mitigation measures such as having a diversified portfolio of offtake counterparties. However, there are a limited number of offtake counterparties under offtake agreements in each region that we operate, and this concentration may impact the overall exposure to credit risk, either positively or negatively, in that the offtake counterparties may be similarly affected by changes in economic, industry or other conditions. If any of these receivable balances in the future should be deemed uncollectible, it could have a material adverse effect on our forecasted cash flows.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As disclosed in our annual report on Form 10-K for the year ended December 31, 2015, management identified material weaknesses in the Company's internal control over financial reporting. We carried out an evaluation as of March 31, 2016, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were ineffective as of March 31, 2016 due to previously identified material weaknesses, which continued to exist as of March 31, 2016.

Notwithstanding such material weaknesses in internal control over financial reporting, our management concluded that our unaudited condensed consolidated financial information presents fairly, in all material respects, the Company's financial position, results of operations and cash flows as of the dates, and for the periods presented, in conformity with generally accepted accounting principles.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended) during the three months ended March 31, 2015 that have materially affected, or reasonably likely to materially affect, the Company's internal control over financial reporting, other than remediation actions to address the previously identified material weaknesses.

Remediation Plan

We continue the process of developing our remediation plan, which among other matters, is dependent upon determining the level of SunEdison involvement as our out sourced service provider. We expect our remediation efforts to result in significant changes to our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

See Item 1. Financial Statements, Footnote 16 - Commitments and Contingencies to the unaudited condensed consolidated financial statements.

Item 1A. Risk Factors.

In addition to the information set forth elsewhere in this quarterly report, you should carefully consider the factors under “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2015, which was filed on December 5, 2016. These risks could materially and adversely affect our business, financial condition and results of operations. There have been no material changes in the Company's risk factors from those described in our Form 10-K for the year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

See Item 1. Financial Statements, Footnote 8 - Long-term Debt for a description of notices of default received by the Company under the Senior Notes.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

See the Exhibit Index following the Signature page of this report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TERRAFORM POWER, INC.

By: /s/ REBECCA J. CRANNA

Name: Rebecca J. Cranna

Title: Executive Vice President and Chief Financial Officer (Principal financial officer)

Date: December 6, 2016

EXHIBIT INDEX

Exhibit Number	Description
10.1	Fourth Amendment to Credit and Guaranty Agreement, dated as of March 30, 2016, among TerraForm Power Operating, LLC, as borrower, TerraForm Power, LLC, as a guarantor, certain subsidiaries of Terraform Power Operating, LLC, as guarantors, the lenders party thereto from time to time, and Barclays Bank PLC, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on May 10, 2016).
31.1	Certification by the Chief Executive Officer of TerraForm Power, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by the Chief Financial Officer of TerraForm Power, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chief Executive Officer and the Chief Financial Officer of TerraForm Power, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document