Brookfield Renewable Power

BROOKFIELD RENEWABLE POWER INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008

Attached is management's discussion and analysis of
Brookfield Renewable Power Inc. (formerly Brookfield Power Inc. and
Brookfield Power Corporation through amalgamation)
Brookfield Renewable Power Inc. is a subsidiary of Brookfield Asset Management Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

NOVEMBER 12, 2008

INTRODUCTION

The information provided in this management discussion and analysis ("MD&A") is intended to provide readers with an overview of the Company's overall business strategy, its competitive advantages and its performance for the quarter and nine months ended September 30, 2008 and 2007, as well as providing a framework for understanding its long-term growth trends and ability to deliver strong and stable cash flows.

The information in this MD&A should be read in conjunction with our September 30, 2008 unaudited consolidated financial statements and our December 31, 2007 audited consolidated financial statements. Additional information can also be found on our website at www.brookfieldpower.com and on SEDAR's website at www.sedar.com, filed under the name of "Brookfield Renewable Power Inc."

On March 31, 2008, the Company changed its name to Brookfield Renewable Power Inc. ("Brookfield Renewable") following an amalgamation between Brookfield Power Inc. ("BPI") and Brookfield Power Corporation ("BPC").

BASIS OF PRESENTATION

The financial information contained herein is prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the exception of operating cash flow, which is a non-GAAP measure and may differ from definitions of operating cash flow used by other companies. Operating cash flow is our principal performance measure since it is a tangible measurement and best reflects the cash flows generated by our power assets. We present the information in this format as we believe it is informative for the reader and it presents our business in a meaningful way. We define operating cash flow as revenues from power operations, net of operating and maintenance costs, fuel purchases for the combined cycle natural gas-fired generation plants, power purchases, selling, marketing and administration expenses and property and other generation taxes on our facilities. A reconciliation of operating cash flow to net income (loss) as presented in our financial statements is presented in the "Performance Review – Q3-2008" section of this report.

Unless otherwise indicated, the terms the "Company", "Brookfield Renewable", "we", "our" and "us" refer to Brookfield Renewable Power Inc. and all of its subsidiaries and joint ventures. All figures are reported in United States dollars, unless otherwise noted.

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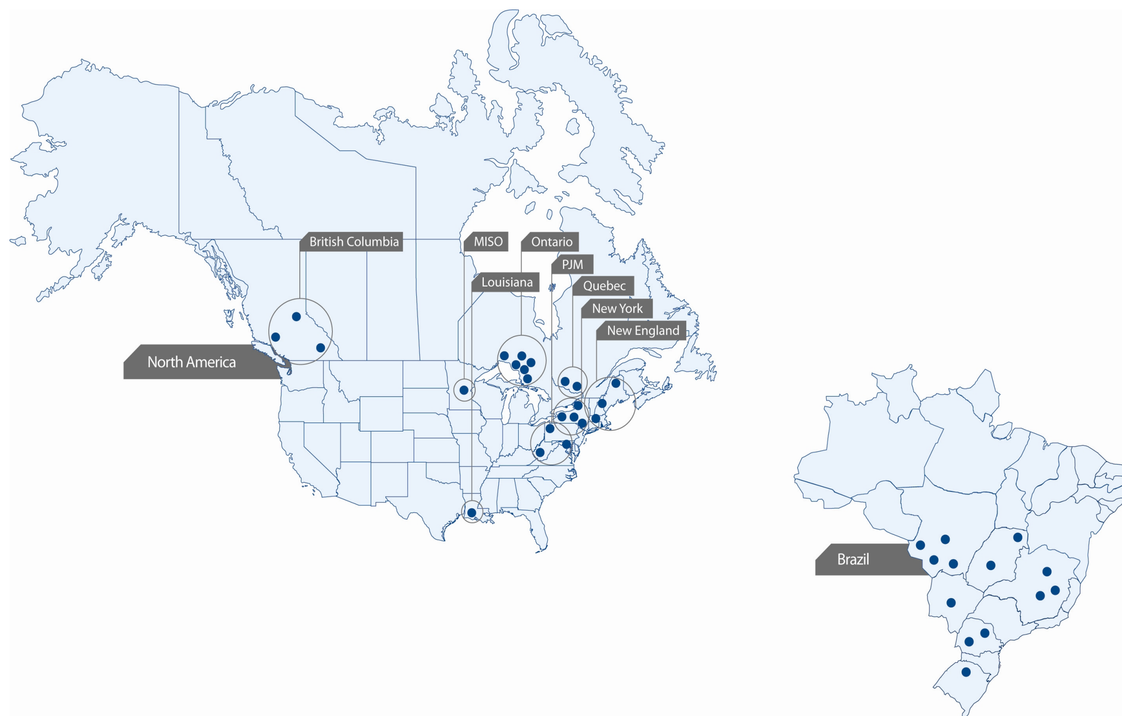
OVERVIEW OF THE BUSINESS

The Company has been in the power generation business for over 100 years. We are an experienced and proven owner, manager, operator and developer of renewable power generation facilities that produce and sell electricity generated primarily from water and wind resources. We aim to provide our shareholder with long-term sustainable cash flows and create value over time through disciplined growth and by maximizing the productivity of our operations.

The Company is a wholly owned subsidiary of Brookfield Asset Management Inc. ("Brookfield"), a global asset management company focused on property, power and infrastructure assets. Brookfield has approximately $95 billion of assets under management and is listed on the Toronto and New York Stock Exchanges under the symbol BAM, as well as on the Euronext Amsterdam exchange under the symbol BAMA.

Brookfield, through Brookfield Renewable, currently owns one of the largest privately owned hydroelectric power generating portfolios in the world. Brookfield is currently exploring alternatives to establish an externally managed entity through which Brookfield can share the ownership of these assets with others on a fee bearing basis.

Some of the Company's assets are owned through the Great Lakes Hydro Income Fund (the "Fund"), a publicly traded reporting issuer listed on the Toronto Stock Exchange (symbol: GLH.UN) that we manage and in which we own a 50.1% interest. Also, the Company manages power assets that are owned by Brookfield.



OPERATING PLATFORM

The Company owns a portfolio of 3,562 megawatts ("MW") of renewable power generation comprised of 3,373 MW of hydroelectric generation and 189 MW of wind generation in Canada, the United States and Brazil. It also owns two combined cycle natural gas-fired generation facilities with a total capacity of 215 MW and an electricity distribution system in Northern Ontario.

In addition to its operating assets, Brookfield Renewable has a diversified pipeline of approximately 5,800 MW of development projects, including 487 MW of projects that are either in construction or advanced development.

In addition, we also manage all Brazilian power operations owned by Brookfield, which consist of 27 hydroelectric facilities with an installed capacity of 314 MW capable of producing close to 1,700 gigawatt hours ("GWh") of power annually. With the exception of the Itiquira assets acquired directly by Brookfield Renewable on April 28, 2008, the Brazilian assets are not included in our consolidated financial statements and therefore information regarding those operations is not part of this MD&A, other than in the chart below. In October 2008, the Company obtained all of the necessary regulatory and other approvals to acquire the hydroelectric generating assets of Brascan Energética S.A. ("BESA") that are owned by Brookfield. This transaction is intended to be completed before the end of the year and will further diversify our geographic base.

Operating Assets
(as at September 30, 2008)

Markets	Rivers	Generating Stations	Generating Units	Capacity MW	LTA [1] GWh	Storage GWh [2]
Hydroelectric						
Conventional						
Canada	18	32	72	1,314	5,058	1,261
United States	24	99	262	1,303	6,100	1,047
Brazil	1	2	4	156	940	940
	43	**133**	**338**	**2,773**	**12,098**	**3,248**
Pumped Storage	1	1	2	600	380	1,095
Total Hydroelectric	**44**	**134**	**340**	**3,373**	**12,478**	**4,343**
Wind	–	1	126	189	535	–
Thermal	–	2	6	215	880	–
Power generating assets – Owned	**44**	**137**	**472**	**3,777**	**13,893**	**4,343**
Brazil – Operated	19	27	60	314	1,662	1,662
Power generating assets – Owned and Operated	**63**	**164**	**532**	**4,091**	**15,555**	**6,005**

(1) Expected generation is based on long-term average ("LTA") except for hydroelectric pumped storage ("pumped storage") which is based on the estimated level of generation that can be supported by expected market prices.

(2) Storage includes access to physical storage reservoirs and the hydrological balancing pool ("MRE") administered by the government of Brazil.

Hydroelectric Generation – Conventional

Our hydroelectric facilities are located on more than 40 river systems in a number of geographic regions, specifically Ontario, Quebec, British Columbia, New York, Pennsylvania, Maryland, West Virginia, Minnesota, Maine, New Hampshire, Massachusetts, Louisiana and the State of Mato Grosso in Brazil. This geographic distribution provides diversification of water flows to minimize the overall impact of fluctuating hydrology. When our physical storage reservoirs are full and with access to the hydrological balancing pool in Brazil, we could produce approximately 30% of our total annual generation and provide partial protection against short-term changes in water supply. The physical storage reservoirs also enable us to optimize revenues by generating and selling power during higher priced peak periods.

Hydroelectric Generation – Pumped Storage
We own a 50% interest in a 600 MW pumped storage facility located in Massachusetts. The facility delivers its power, capacity and ancillary services into the New England wholesale electricity market. Furthermore, a portion of the power and capacity produced from this facility is sold to the Long Island Power Authority ("LIPA") under a long-term contract expiring in 2021.

Wind
We operate one of Canada's largest wind farms with an installed capacity of 189 MW comprised of 126 turbines. All power produced by the wind farm is sold to the Ontario Power Authority ("OPA") under two power purchase agreements ("PPAs") expiring in 2026 and 2028.

Combined Cycle Natural Gas-Fired Generation
We own two combined cycle natural gas-fired facilities, one located in Ontario and one in New York State. The Ontario facility sells its power to the Ontario Electricity Financial Corporation under a contract which expires in 2014 and has gas procurement contracts extending to the end of 2008. The facility in New York State has no long-term contract and is predominantly used to meet power needs at times of peak demand.

Electricity Distribution and Transmission
We own a regulated electricity distribution business in Ontario, consisting of 11 distribution stations servicing approximately 11,500 customers. During the first quarter of 2008, we disposed of our regulated electricity transmission business. This transaction is discussed in our financial statements as well as on page 11 of this MD&A.

POWER MARKETING

We optimize the value of our generating assets through a power marketing strategy that uses a combination of long-term contracts, forward sales and spot sales in the wholesale power markets in order to capture rising prices over time and maximize the current revenue potential of our asset base.

Approximately 50% of our annual generation is sold pursuant to long-term PPAs with an average term of 10 years remaining with counterparties that have long-standing favourable credit histories or investment grade ratings. Our long-term contracts generally do not provide for fixed volume commitments; therefore we have limited risk of having to purchase power from the market to supply our customers when we are experiencing low water conditions.

All power produced and not otherwise sold under a contract is delivered to wholesale electricity markets. To reduce our exposure to volatile spot pricing in the wholesale electricity market, we enter into short-term financial contracts that represent approximately 25% of our annual generation. The contracts cover a period generally not exceeding 30 months.

In order to minimize the potential adverse financial impact of low water flows, the remaining 25% of our annual output is sold into the wholesale power markets only when water inflows have been confirmed.

The low variable cost of hydroelectric power, relative to other forms of generators, enables us to sell power at a favourable margin under almost all normal market conditions.

Given the nature of the transactions executed by the power marketing group, we are subject to complex accounting rules governing derivatives and hedging instruments. The accounting treatment associated with some of these transactions may result in the accounting recognition of gains and losses in periods different than the actual related economic exposures. This can result in volatility in reported net income (loss).

GROWTH STRATEGY - ACQUISITION AND DEVELOPMENT

We are committed to expanding our renewable power generation base by strategically acquiring and developing hydroelectric and wind power facilities. Our acquisitions in the past few years have allowed us to expand our operations into several new geographic regions, allowing the Company to diversify its watersheds and power markets. Although acquisitions will continue to be part of our growth strategy, development of greenfield opportunities will also constitute an important element going forward. As a result, we have established a highly qualified team which will allow us to pursue our development activities.

We have a development pipeline with over 5,800 MW of projects at various stages in North America in conventional hydro, pumped storage and wind that positions us for future growth. We will continue to identify new opportunities to optimize the performance of our portfolio and continue to expand our growth strategy in 2008 and beyond.

PORTFOLIO ACTIVITIES – Q3-2008

In late July, the Company filed a base shelf prospectus with the Ontario Securities Commission to issue up to $750 million of debt securities at any time during the 25 month period in which the prospectus remains valid. In early September, the Company filed a prospectus supplement to the base shelf prospectus to issue up to CDN$250 million of medium term notes. The Company has not issued any notes under its prospectus supplement.

In mid August, a subsidiary of the Company, issued series 1 senior secured notes in the amount of $25 million, which mature in August 2012 and bear interest at 6.01%. The notes are secured by the hydroelectric power generating assets of Twin Cities Hydro LLC, a wholly-owned subsidiary of the Company.

In August, we acquired from a minority shareholder in Itiquira Energetica S.A. (“Itiquira”), the remaining 1% of the common shares and 100% of the Series A preferred shares for cash consideration of $22 million (R$37.6 million).

In late August, a subsidiary of the Company, entered into a credit facility in the amount of R$185 million, which expires in December 2009, in order to purchase the Series B preferred shares owned by a minority shareholder in Itiquira. The credit facility bears an interest rate of the Interbank Deposite Certificate (“CDI”) plus a margin. The credit facility is secured by the hydroelectric power generating assets of Itiquira. No amounts were drawn down on the facility during the third quarter.

In early October, we completed the acquisition of the Series B preferred shares in Itiquira for cash consideration of $69 million (R$153 million).

PERFORMANCE REVIEW – Q3-2008

SUMMARY

The Company remains relatively unaffected in the short-term by the current credit market conditions. With strong liquidity and few short-term debt maturities, the financial position of the Company remains strong. While the Company has achieved unprecedented financial results, on a year-to-date basis, we remain prudent and focused on surfacing the underlying value of our assets. We continue to look at ways of strengthening our financial position while creating value for our shareholder.

We continued to record strong operating results through the third quarter of 2008. Our operating cash flow increased by $89 million from $96 million in the third quarter of 2007 to $185 million in the third quarter of 2008. Conventional hydroelectric facilities owned throughout 2007 have produced over 1,000 GWh more than last year as a result of above average water conditions. Last year, our third quarter results were negatively affected by below average water conditions.

Natural gas prices reached an all time high in July 2008 and trended downward for the rest of the period, driving power prices in the same direction. Declining prices only impacted the portion of our generation which is not sold under long-term contracts or under shorter-term financial contracts, which is usually less than 25% of our generation.

We also benefited from our optimization efforts, particularly in moving power from lower priced markets to higher priced markets, and by dispatching our generating capability at the right time to capture better prices in wholesale power markets. Assets acquired in 2007 and 2008 also contributed to our results by adding 267 GWh and $12 million to our operating cash flow.

Net income totaled $148 million in the third quarter of 2008 compared to a loss of $27 million in 2007, an increase of $175 million. Higher operating cash flow and unrealized derivative gains were partially offset by higher non-controlling interest expense and provision for income taxes.

We do not use net income (loss) as a key metric to value the performance of our business and intrinsic value of our operations, preferring to focus on operating cash flows. However, we recognize the importance of net income (loss) as a key measure for many users of financial information and, therefore, we reconcile our operating cash flow to our net income (loss).

	Three months ended September 30		Nine months ended September 30	
($US millions)	**2008**	2007	**2008**	2007
Operating cash flow	**$ 185**	$ 96	**$ 659**	$ 439
Interest and financing fees	**(79)**	(73)	**(236)**	(210)
Unrealized derivative gain (loss)	**136**	(4)	**50**	(33)
Depreciation and amortization	**(42)**	(37)	**(127)**	(111)
Non-controlling interests	**(11)**	4	**(65)**	-
(Provision for) recovery of income taxes	**(52)**	14	**(42)**	(14)
Investment and other income	**11**	4	**10**	20
Net income before interest on capital securities	**148**	4	**249**	91
Interest on capital securities	**-**	(31)	**(31)**	(93)
Net income (loss)	**$ 148**	$ (27)	**$ 218**	$ (2)

Interest and financing fee expense for the third quarter was $6 million above the same period last year. This increase is driven by interest on $330 million of additional property specific debt secured by our New York portfolio obtained in December of 2007, the $113 million of debt assumed with the acquisition of our Itiquira facility in April 2008, and $120 million of property specific debt obtained in relation to the acquisition of the Itiquira facility in June 2008. Offsetting this increase is a decrease in debt of CDN$120 million resulting from the disposition of the net transmission assets during the first quarter of 2008.

During the third quarter of 2008, we recorded a net unrealized gain of $136 million in the statement of income (loss) as a result of changes in the value of our commodity derivatives, compared to a net unrealized loss on commodity derivatives of $4 million for the same period of 2007.

Unrealized commodity derivative gain (loss) includes:

($US millions)	Three months ended September 30 2008	2007	Nine months ended September 30 2008	2007
Gain (loss) related to the LIPA contract	**$ 51**	$ (10)	**$ 33**	$ (27)
Gain on commodity derivatives not qualifying for hedge accounting	**77**	4	**19**	-
Gain (loss) related to the long-term PPA with an industrial company owned by Brookfield	**4**	1	**(3)**	(7)
Gain related to hedge ineffectiveness on derivatives qualifying for hedge accounting	**4**	1	**1**	1
	$ 136	$ (4)	**$ 50**	$ (33)

The majority of our forward sales are designated as hedges for accounting purposes and changes in their fair value are recorded in other comprehensive income (loss). However, certain of our forward sales do not qualify for hedge accounting and therefore the change in the fair value is recognized in the statement of income (loss). Included in our commodity derivatives are all of the transactions relating to a 15 year agreement with LIPA. Ascribing a fair value to these contracts involves the forecasting of energy prices, and other inputs, sometimes over a significant period of time. As new external market data becomes available, it is applied to the valuation, and extrapolated out over the volume and duration of these contracts. Accordingly, the fair value is subject to estimation and could increase or decrease significantly over time thus creating volatility in our reported net income (loss) (while having no impact on our reported operating cash flow).

At times when power prices are rising, which is positive for our business, we will generally record mark-to-market losses in our net income (loss) on certain financial contracts. These losses do not mean that we are selling power at a negative profit margin, but rather they are a measure of the opportunity that we have lost because we agreed to sell the power that we will generate in the future at a lower price than the current market price. Conversely, if market prices fall significantly, as was the case during this quarter, we may record gains which reflect the fact that we agreed to sell power in the future at prices that are greater than the current market prices.

Depreciation and amortization expense of $42 million for the quarter was $5 million higher than the amount recorded in the third quarter of 2007 due in large part to the impact of our 2007 – 2008 acquisitions.

Non-controlling interests relate to income associated with the non-controlling interests in our consolidated entities. The increase of $15 million, when comparing the third quarter of 2008 to the same period in 2007, is primarily due to strong third quarter results in the Fund and our pumped storage facility.

Income taxes for the quarter of $52 million are composed of $4 million of current taxes and $48 million of future taxes. The increase of $66 million from the third quarter of 2007 is due to increased net income before tax, which is mainly the result of increased generation and unrealized gains on derivatives.

SEGMENTED OPERATING RESULTS

The following table sets out installed capacity and development projects in MW as at September 30, 2008:

Installed capacity	
Conventional hydroelectric generation	2,773
Pumped storage – hydroelectric generation	600
Wind energy	189
Combined cycle natural gas-fired generation	215
Total installed capacity	3,777
Development projects	
Hydroelectric – under construction	17
– advanced stage	120
Wind energy – advanced stage	350
	487

The following table presents our operating cash flow for the third quarter of 2008 and 2007 on a segmented basis.

(MW and $US millions)	Invested Capital [1] As at Sept 30 **2008**	Invested Capital [1] As at Dec 31 2007	Operating cash flow Three months ended Sept 30 **2008**	Operating cash flow Three months ended Sept 30 2007	Operating cash flow Nine months ended Sept 30 **2008**	Operating cash flow Nine months ended Sept 30 2007
Conventional hydroelectric generation						
Canada	**$ 1,445**	$ 1,565	**$ 77**	$ 34	**$ 234**	$ 133
United States	**1,919**	1,902	**79**	34	**327**	230
Brazil	**374**	-	**11**	-	**20**	-
Pumped storage						
United States	**100**	97	**10**	7	**27**	14
Total hydroelectric generation	**3,838**	3,564	**177**	75	**608**	377
Wind generation	**331**	369	**3**	7	**21**	20
Other power assets	**178**	328	**5**	14	**30**	42
Development projects	**91**	51	**-**	-	**-**	-
Total power operations	**4,438**	4,312	**185**	96	**659**	439
Other assets	**2,329**	2,579	**-**	-	**-**	-
Total	**$ 6,767**	$ 6,891	**$ 185**	$ 96	**$ 659**	$ 439

[1] Invested capital for the various operating segments includes power generating assets and other long-term assets, namely PPAs, FERC licenses, and other depreciable assets.

Our facilities produced 3,399 GWh of electricity during the third quarter of 2008, compared with 2,196 GWh during the comparative period in 2007. Generation from hydroelectric facilities owned throughout 2007 was up over 1,000 GWh on a quarter over quarter basis, and was 419 GWh above long-term average levels due to higher water flows. Strong generation results were recorded in regions where we have the largest concentration of assets which are Ontario, Quebec, New England and New York. Our production was supplemented by the contribution of 267 additional GWh from hydroelectric facilities acquired or developed in 2007 and 2008. The Itiquira facility acquired at the end of April 2008 contributed 228 GWh during the quarter. Generation levels for our wind farm were below both long-term average levels and the levels achieved in the third quarter of 2007.

	Long-term Average				Actual Production			
	Three months ended Sept 30		Nine months ended Sept 30		Three months ended Sept 30		Nine months ended Sept 30	
(GWh)	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Conventional hydroelectric generation								
Canada[(1)]	**1,199**	1,184	**3,814**	3,775	**1,348**	868	**4,327**	3,064
United States	**1,133**	1,098	**4,611**	4,497	**1,395**	818	**5,194**	4,380
Brazil	**236**	-	**393**	-	**228**	-	**382**	-
Pumped Storage[(2)]								
United States	**96**	96	**288**	244	**125**	173	**340**	430
Total hydroelectric generation	**2,664**	2,378	**9,106**	8,516	**3,096**	1,859	**10,243**	7,874
Wind generation	**109**	109	**378**	378	**78**	98	**313**	327
Thermal generation	**217**	217	**656**	656	**225**	239	**675**	687
Total generation	**2,990**	2,704	**10,140**	9,550	**3,399**	2,196	**11,231**	8,888

(1) Investment in Pingston Creek Hydro is a joint venture with 50% ownership; therefore generation and LTA are presented at 50%.
(2) Generation for 2007 related to the pumped storage facility is included at 50% until March 23, 2007 and at 100% thereafter.

CONVENTIONAL HYDROELECTRIC GENERATION

	Three months ended September 30				Nine months ended September 30			
	2008		2007		**2008**		2007	
($US millions)	**Revenues**	**Operating cash flow**	Revenues	Operating cash flow	**Revenues**	**Operating cash flow**	Revenues	Operating cash flow
Canada	**$ 105**	**$ 77**	$ 55	$ 34	**$ 305**	**$ 234**	$ 189	$ 133
United States	**115**	**79**	63	34	**437**	**327**	326	230
Brazil	**15**	**11**	-	-	**28**	**20**	-	-
Total	**$ 235**	**$ 167**	$ 118	$ 68	**$ 770**	**$ 581**	$ 515	$ 363
Per MWh	**$ 79**	**$ 56**	$ 70	$ 40	**$ 78**	**$ 59**	$ 69	$ 49

During the third quarter of 2008, operating cash flows from our conventional hydroelectric business increased by $99 million or 146% on a quarter over quarter basis to $167 million. The main drivers of these strong financial results were higher than long-term average water flow levels combined with higher realized prices. The better realized prices were the result of higher priced financial contracts, higher power prices at the beginning of the quarter on generation which we had not sold forward and our optimization efforts. Results were also impacted by the addition of 181 MW of capacity.

Our conventional hydroelectric portfolio generated 2,971 GWh during the quarter, which is 76% above the generation achieved in 2007 and 16% above LTA. Strong hydrological conditions in the quarter positively impacted our generation in New York, New England, Quebec and Ontario. Based on the Q3-2007 realized price of $70 per MWh, the improved water conditions increased revenues by $71 million and operating cash flow by close to $65 million. Assets acquired in 2007 and 2008 added 267 GWh in generation and $12 million in operating cash flow.

Realized prices from our conventional hydro portfolio increased by 13% over 2007 levels to $79 per MWh during the third quarter of 2008. Although 75% of our average generation is pre-sold through long-term or financial contracts, above average generation allowed us to benefit from the high energy market price environment. We were also able to generate additional revenue by selling electricity that we generated in lower priced environments to higher priced markets, significantly increasing our margin. Our ability to manage power generation from our facilities to capture peak pricing and to sell other energy products such as capacity and ancillary services also allows us to increase realized prices.

PUMPED STORAGE HYDROELECTRIC GENERATION

	Three months ended September 30				Nine months ended September 30			
	2008		2007		**2008**		2007[1]	
(US$ millions)	**Revenues**	**Operating cash flow**	Revenues	Operating cash flow	**Revenues**	**Operating cash flow**	Revenues	Operating cash flow
United States	**$ 24**	**$ 10**	$ 21	$ 7	**$ 67**	**$ 27**	$ 49	$ 14

[1] Amounts shown represent 50% of operations until March 23, 2007 and 100% thereafter.

Results from our pumped storage facility were $3 million above last year, despite lower generation levels, due to higher capacity prices and other ancillary revenues such as forward reserves. A combination of planned maintenance work and dedication to forward reserves of one generating unit contributed to the reduction in generation during the third quarter of 2008, compared with the previous year. Similar maintenance work will be done on the second generating unit during the fourth quarter of 2008, which will limit generation output during the quarter.

WIND GENERATION

	Three months ended September 30				Nine months ended September 30			
	2008		2007		**2008**		2007	
($US millions)	**Revenues**	**Operating cash flow**	Revenues	Operating cash flow	**Revenues**	**Operating cash flow**	Revenues	Operating cash flow
Wind power	**$ 7**	**$ 3**	$ 9	$ 7	**$ 29**	**$ 21**	$ 26	$ 20

Our wind facility generated 78 GWh during the third quarter, a decrease of 20% from last year and 28% below our long-term average. The decrease in generation explains the lower operating cash flow during the third quarter of 2008 compared with the third quarter of 2007. The availability of our 126 units remains at expected levels.

COMBINED CYCLE NATURAL GAS-FIRED GENERATION

	Three months ended September 30				Nine months ended September 30			
	2008		2007		**2008**		2007	
($US millions)	**Revenues**	**Operating cash flow**	Revenues	Operating cash flow	**Revenues**	**Operating cash flow**	Revenues	Operating cash flow
Thermal power[1]	**$ 20**	**$ 3**	$ 19	$ 5	**$ 60**	**$ 17**	$ 55	$ 18

[1] Includes gas resale power equivalent.

Our combined cycle natural gas-fired generation facilities include a 110 MW facility located in Ontario and a 105 MW facility located in New York State. The increase in revenues is mainly due to the sale of gas from the Ontario facility, whereby gas purchased under a fixed price agreement is sold at a better margin than the PPA with the Ontario Electricity Financial Corporation ("OEFC"). We have no obligation to deliver power under the OEFC contract. The price of gas required to operate the facility during peak hours for the 2010 to 2013 period was fixed during the quarter through financial contracts.

DISTRIBUTION

Distribution revenues of $4 million were $2 million higher than the third quarter of last year, mostly as a result of higher rates which we were accruing based on our rate application.

On October 30, 2008, the Ontario Energy Board ("OEB") issued its decision in the distribution rate application of Great Lakes Power Limited, a subsidiary of the Company. As part of its decision, the OEB approved the Company's request for an annual revenue requirement of approximately CDN$17 million which the OEB made effective as of September 1, 2007. In another part of the decision, the OEB denied the recovery of approximately CDN$15 million relating to amounts which the Company accrued since 2002 in respect of its distribution rate mitigation plan and associated revenue deferrals that were not recovered through its approved distribution rates. The Company intends to appeal this portion of the decision, and has accordingly not reversed these accruals.

In March 2008, we sold our transmission business to a Brookfield affiliate. We do not expect this disposition to materially impact our future results given that the operating cash flows from the transmission business in 2007 were $26 million, which was less than 5% of our consolidated operating cash flow.

OUTLOOK

Despite the market uncertainty and the threat of a global recession, we remain focused and continue to believe in the strong underlying principles that have made us successful to date. Although we remain relatively unaffected by the current global financial market crisis, we remain prudent and are already preparing for the refinancing of the Powell River facility property specific debt and the corporate debentures which come due in July and December 2009, respectively. Although we believe that refinancing these debts will be relatively straightforward given the quality of our assets and their ensuing cash flows, the process is likely going to take slightly longer than usual given current market conditions. We continue to monitor capital markets and assess their potential implications on the Company. In the meantime, we continue to benefit from unprecedented results.

We have experienced above average hydrology in the first nine months of 2008; however, we expect to see a return to normal hydrology conditions across our portfolio in the upcoming months. While we cannot predict hydrology on a short-term basis, we are encouraged by the increases in precipitation after the dry run through the late summer and fall of 2007. From a pricing perspective, the table below indicates that for the remainder of 2008, 78% of our long-term average volume has been sold forward at a weighted average price of $69 per MWh either through long-term contracts or with shorter term financial contracts. We will continue to seek opportunities to stabilize cash flows by extending the average size and duration of our annual output sold under long-term contracts. For the portion of our generation that is uncontracted, we will continue to use the flexibility of our reservoirs and our low cost position to maximize revenues.

Current economic conditions are driving oil and gas prices down as a result of lower demand. We believe that producers will react to this demand reduction by curtailing production and reducing their investment in drilling and exploration. The current drop in prices does not change our long-term view on energy prices.

We continue to have a positive outlook about the future prospects for our business in the long-term. Electricity is an essential commodity, and worldwide power demand is growing with the global economy and population. This growing need for power is taking place concurrently with the gradual exhaustion of the cheapest and, historically, most accessible sources of energy, namely large scale hydro dams, conventional onshore and shallow offshore oil and natural gas fields. At the same time, there are increasing concerns over the environment in general, including the environmental impact of power generation and, as a result, a tightening of

environmental regulations. Climate change issues have also significantly shifted attitudes over power generation technologies, and those acceptable only a few years ago, are now considered environmentally unattractive. In this context, Brookfield Renewable believes that the value of emission-free, fuel-free, long-life renewable power generation assets will increase as electricity prices increase to meet growing revenue requirements of new generation capacity due to escalating equipment, construction, fuel and environmental compliance costs.

As oil and gas prices are expected to increase in the future, we believe that electricity prices will follow suit, creating an opportunity for us to capture additional revenue. Furthermore, the combination of increasing demand and the need for grid operators to integrate renewable power sources allows us to capture new and growing revenue streams from capacity and other ancillary services, such as forward reserves or voltage support, in turn generating additional revenues. We also believe that over time, the "green" attributes of our renewable portfolio will become increasingly valuable as large load serving entities and governments address issues arising from maintaining power supplies in a carbon-constrained world.

The following table sets forth our contract profile over the next five years, assuming long-term average generation**:**

Years ended December 31	2008 [1]	2009	2010	2011	2012
Generation (GWh)					
Contracted:					
Hydroelectric generation	1,375	5,074	5,043	4,539	3,778
Wind generation	134	536	536	536	536
Other	223	407	406	412	404
Power sales agreements	1,732	6,017	5,985	5,487	4,718
Financial contracts	807	3,934	2,873	-	-
Uncontracted	696	2,914	3,989	7,366	8,127
	3,235	12,865	12,847	12,853	12,845
Contracted generation % of total	78%	77%	69%	43%	37%
Contracted revenue ($US millions)	$ 175	$ 712	$ 669	$ 423	$ 394
Price ($/MWh)	$ 69	$ 72	$ 76	$ 77	$ 84

[1] Amounts for 2008 represent the three month period from October 1 to December 31.

FINANCIAL POSITION

We continue to have a strong balance sheet with ample liquidity. As at September 30, 2008, the Company had cash and cash equivalents of $98 million in addition to access to undrawn credit facilities ($217 million), liquidity from its short-term investment portfolio ($166 million) and funds on deposit with Brookfield ($240 million). Based on our industry experience and ability to generate profits, we believe that our current resources are adequate to meet our requirements for working capital and capital expenditures through the foreseeable future.

However, we recognize the current instability in the capital markets and the scarcity of available capital, and we are closely monitoring our overall liquidity and are allocating capital in a prudent manner.

The information in this section enables the reader to obtain additional information on our consolidated financial position.

CASH AND CASH EQUIVALENTS

($US millions)	Three months ended September 30 2008	2007	Nine months ended September 30 2008	2007
Cash flow from operating activities	**$ 260**	$ 40	**$ 538**	$ 205
Cash flow (used in) provided by financing activities	**(12)**	17	**156**	98
Cash flow used in investing activities	**(270)**	(81)	**(654)**	(335)
Impact of foreign exchange on cash	**(2)**	2	**(3)**	6
Net cash (outflow) inflow	**$ (24)**	$ (22)	**$ 37**	$ (26)

Cash and cash equivalents at the end of the quarter totaled $98 million, down $24 million since June 30, 2008 and up $37 million since December 31, 2007.

Operating Activities – During the third quarter of 2008 we generated $260 million from operating activities. This increase is the result of the increase in operating cash flow of approximately $90 million, as well as the decrease in cash held in escrow of $19 million, the decrease in collateral deposits of $62 million and the decrease in accounts and other receivables of $43 million.

Financing Activities – Cash flows from financing activities consist primarily of the addition of $23 million of debt related to our Twin Cities facility. This increase is more than offset by distributions to non-controlling interests and common shareholder of $20 million and $14 million, respectively.

Investing Activities – Cash flows from investing activities consist of an increase in amounts deposited with Brookfield of $150 million, $22 million spent to acquire the remaining 1% of the common shares and 100% of the Series A preferred shares of Itiquira, an investment of $34 million on capital asset additions, the increase of $49 million in other assets mainly due to the increase in funds held in escrow in our Louisiana facility, as well as an increase of $15 million in long-term investments.

POWER GENERATING AND OTHER ASSETS

The book value of our power generating assets and other assets remained at $5.2 billion as at September 30, 2008. The acquisition of facilities in the United States and Brazil, as well as investments in our assets to maintain their economic value has been offset by the sale of the transmission business to an affiliate of Brookfield, as well as depreciation taken on our assets.

($US millions)	September 30 2008	December 31 2007	Change
Power generating assets	**$ 4,161**	$ 4,053	$ 108
Other assets	**1,021**	1,102	(81)
	$ 5,182	$ 5,155	$ 27

DERIVATIVE ASSETS AND LIABILITIES

Derivative assets and liabilities, which are mainly comprised of short term financial contracts and certain long term physical PPAs that qualify as non-financial derivatives, fluctuate from time to time depending on market conditions. The change in the mark-to-market of derivatives that are designated as hedges of future cash flows are recorded in other comprehensive income (loss). When the derivative is not designated as a hedge of future cash flows, the change in the mark-to-market is recorded in our statement of net income (loss).

($US millions)	September 30 2008	December 31 2007	Change
Short-term derivative assets	**$ 38**	$ 31	$ 7
Long-term derivative assets	**108**	167	(59)
Short-term derivative liabilities	**(40)**	(52)	12
Long-term derivative liabilities	**(139)**	(254)	115
	$ (33)	$ (108)	$ 75

Long-term derivative assets and liabilities are included in other assets and other long-term liabilities on our balance sheet.

CAPITALIZATION

Our strong and flexible capital structure enables us to provide financial stability and a low cost of capital to our operations, as well as the ability to react quickly to acquisition opportunities.

Given the nature of our operations, the industry in which we operate and our contractual arrangements, our cash margin is stable and contributes to our solid credit profile.

The following table presents Brookfield Renewable's capitalization using book values:

($US millions)	**September 30, 2008**	December 31, 2007	Change
Credit facilities	**$ -**	$ 12	$ (12)
Property specific borrowings	**2,639**	2,727	(88)
Corporate debentures	**748**	797	(49)
Other long-term debt	**914**	852	62
Capital securities	-	1,109	(1,109)
Promissory notes due to Brookfield	**1,417**	-	1,417
Non-controlling interests	**232**	217	15
Shareholder's equity			
Preferred shares	**1,391**	-	1,391
Common shares	**622**	422	200
Other components of shareholder's equity	**(583)**	(79)	(504)
Total	**$ 7,380**	$ 6,057	$ 1,323

Total capitalization increased by $1,323 million since December 31, 2007 as a result of the amalgamation between BPI and BPC and a $200 million equity contribution by Brookfield in January 2008.

As part of our financing strategy, we raise the majority of our debt capital in the form of asset-specific borrowings. These borrowings are generally secured by the assets of the related property and, as such, limit the exposure of the Company in the unlikely case of default. We provide covenants to certain of our lenders, as do most borrowers. As at September 30, 2008, we were in compliance with all property specific debt related covenants.

Our series 1 corporate debentures of CDN$450 million mature in December 2009, while series 3 and 4 totalling CDN$350 million mature in 2018, and 2036, respectively. It is management's intention to refinance these debentures at maturity.

The capital securities and other amounts which were owed to Brookfield were redeemed and replaced with new non-interest bearing promissory notes and preferred shares as a result of an internal re-organization and the ensuing amalgamation of BPI and BPC concluded on March 31, 2008. The promissory notes are repayable by way of a variable number of common shares based on the fair value of the common shares at the repayment date.

The authorized capital of the Company consists of an unlimited number of common shares. As at September 30, 2008 and the date of this MD&A there were 2,488,278 common shares of the Company issued and outstanding (December 31, 2007 – 101,512,218).

In addition, we are authorized to issue an unlimited number of preferred shares of which 57,077,112 were issued and outstanding both as at September 30, 2008 and the date of this MD&A (December 31, 2007 – nil).

We continue to maintain investment grade unsecured issuer ratings from DBRS (BBB (High)), Standard and Poor's (BBB) and Fitch (BBB-), which are influenced by a prudent level of low-cost asset financing and modest levels of corporate debt. The long-life nature of our assets allows us

to finance with non-recourse debt and minimal near-term maturities, minimizing risks associated with liquidity and refinancing.

SUPPLEMENTAL INFORMATION

Information contained in this section is required by applicable continuous disclosure guidelines and to facilitate additional analysis.

CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations as of September 30, 2008:

($US millions)	2008 [3]	2009	2010	2011	2012	Thereafter	Total
Long-term debt							
Property specific borrowings	$ 7	$ 221	$ 121	$ 39	$ 592	$ 1,694	$ 2,674
Finance debt obligation	5	29	38	42	47	621	782
Corporate and other debt	77	423	-	-	-	384	884
Promissory notes	-	-	-	-	-	1,417	1,417
Capital projects [1]	20	-	-	-	-	-	20
	109	673	159	81	639	4,116	5,777
Interest Expense [2]							
Property specific borrowings	61	151	142	139	131	1,046	1,670
Finance debt obligation	21	80	77	73	69	614	934
Corporate and other debt	20	42	22	23	23	282	412
	102	273	241	235	223	1,942	3,016
Total	$ 211	$ 946	$ 400	$ 316	$ 862	$ 6,058	$ 8,793

(1) In the normal course of operations, the Company has committed as at September 30, 2008 to spend approximately $20 million on capital projects.
(2) Represents aggregate interest expense expected to be paid over the term of the obligations. Variable interest rate payments have been calculated based on current rates.
(3) Remaining year up to December 31, 2008.

GUARANTEES

In the normal course of operations, we execute agreements that provide for indemnification and guarantees to third parties in transactions such as energy trading and marketing, business dispositions, business acquisitions, construction projects, capital project purchases, and sales and purchases of assets and services. We have also agreed to indemnify our directors and certain of our officers and employees. The nature of substantially all of the indemnification undertakings prevents us from making a reasonable estimate of the maximum potential amount that we could be required to pay third parties, as many of the agreements do not always specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, we have made no significant payments under such indemnification agreements. We provide guarantees as described in note 28 of the 2007 annual audited consolidated financial statements. There have been no material changes for the period ended September 30, 2008 related to our guarantees.

RELATED PARTY TRANSACTIONS

From time to time the Company enters into agreements and transactions with Brookfield and some of its affiliates. The Company also holds short and long-term investments in Brookfield and its subsidiaries that generate interest income. The table below summarizes the transactions that occurred in the normal course of operations, excluding the disposal of our transmission business and the changes resulting from the amalgamation, as previously discussed:

	Three months ended September 30		Nine months ended September 30	
($US millions)	**2008**	2007	**2008**	2007
Revenues				
Sale of power	**$ 7**	$ 8	**$ 23**	$ 23
Investment and other income				
Interest earned on demand deposits, promissory notes, and securities with affiliated companies	**3**	6	**9**	15
Expenses				
Interest expense on capital securities	**-**	31	**31**	93
Interest expense on note payable	-	3	**8**	8
Insurance services from Riskcorp Inc.	**3**	4	**9**	11

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements are prepared in accordance with Canadian GAAP, which require the use of estimates and judgment in reporting assets, liabilities, revenues, expenses and contingencies. In the judgment of management, none of the estimates outlined in note 2 (Significant Accounting Policies) and note 3 (Changes in Accounting Policies) of the 2007 annual audited consolidated financial statements are considered critical accounting estimates as defined in regulation 51-102, with the exception of the estimates related to certain derivative financial instruments. These estimates are critical given the significance of derivative financial instruments as well as the number of assumptions used in determining their fair value. Key estimates include determination of accruals, levelized accounting, purchase price allocations, useful lives, asset impairment testing, future income tax liabilities and those relevant to the defined benefit pension and non-pension benefit plans. Estimates are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

CHANGES IN SIGNIFICANT ACCOUNTING STANDARDS

On January 1, 2008, we adopted Handbook Section 1535, *Capital Disclosures*, Handbook Section 3862, *Financial Instruments – Disclosures*, and Handbook Section 3863, *Financial Instruments – Presentation* for Canadian GAAP purposes. Section 1535 requires disclosures of our objectives, policies and processes for managing capital, the quantitative data about what we regard as capital, whether we have complied with any capital requirements and, if not, the consequences of such non-compliance. Sections 3862 and 3863 replace Section 3861 and place an increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how we manage those risks.

The new standards have resulted in increased disclosure in our consolidated interim financial statements but have had no impact on the accounting policies or accounting treatments disclosed in notes 2 and 3 of our 2007 annual audited consolidated financial statements.

Future Accounting Policy Changes

Goodwill and Intangible Assets – Handbook Section 3064

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, replacing Handbook Sections 3062, Goodwill and Other Intangible Assets and 3450, Research and Development Costs. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. The new section will be applicable to the Company's financial statements beginning January 1, 2009. The Company is currently evaluating the impact of this pronouncement on its financial statements.

International Financial Reporting Standards

The AcSB confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Canadian Securities Administrators ("CSA") in Staff Notice 52-321 - *Early adoption of International Financial Reporting Standards, use of US GAAP and reference to IFRS-IASB* also indicated that it would be prepared to provide exemptive relief to a Canadian reporting issuer permitting it to prepare its financial statements in accordance with IFRS for financial periods beginning before January 1, 2011. The Company applied to the CSA for exemptive relief to prepare its financial statements in accordance with IFRS for periods earlier than January 1, 2011.

The Company has developed and is in the process of continuing to implement an IFRS conversion plan. The Company's conversion plan is comprehensive and addresses matters including changes in accounting policy, the restatement of comparative periods, organizational and internal control, the modification of existing systems and the training and awareness of staff, in addition to other related business matters. Overall responsibility for the implementation and success of the Company's conversion plan rests with the Company's senior financial management who report to and are overseen by the Company's Audit Committee.

Impact of Adoption of IFRS:

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS will not change the cash flows generated by the Company, the adoption of IFRS will result in changes to the reported financial position and results of operations of the Company, the effects of which will be material. The following are the significant accounting policies, required or expected to be applied by the Company on adoption of IFRS that will be significantly different than the Company's current accounting policy.

Property, Plant and Equipment

Consistent with Canadian GAAP, under IFRS, separable components of property, plant and equipment are recognized initially at cost. Under IFRS an entity is required to choose, for each class of property, plant and equipment, to account for each class using either the cost model or the revaluation model. The cost model is generally consistent with Canadian GAAP where an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses. Under the revaluation method an item of property, plant and equipment is carried at its revalued amount, being its fair value at the date of the revaluation less any accumulated depreciation and accumulated impairment losses. Increases in fair value are recorded to the revaluation surplus account in equity while decreases in fair value serve to reduce the revaluation surplus account, related to the asset, with any excess recognized in income. The Company intends to account for its power generation and distribution assets using the revaluation model.

Basis of Consolidation

Under Canadian GAAP the Company determines whether it should consolidate an entity using two different frameworks: the variable interest entity ("VIE") and voting control models. Under IFRS the Company will consolidate an entity if determined to be controlled. Control is defined as the power to govern the financial and operating policies of an entity to obtain benefit. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of an entity's voting power, but also exists when the parent owns half or less of the voting power but has legal or contractual rights to control, or de facto control. This change in policy could result in certain entities that are currently consolidated by the Company under the VIE model to be deconsolidated. The Company is in the process of completing its evaluation of each entity in which the Company has an interest to determine whether the entity should be consolidated under IFRS.

Business Combinations

Under IFRS the Company will account for business combinations in accordance with IFRS 3 *Business Combinations* as revised in 2008 (IFRS 3R). IFRS 3R is similar to the Company's current accounting for business combinations under Canadian GAAP, in that both frameworks require the acquisition method of accounting for all business combinations, however significant differences exist. The most significant differences from the Company's current Canadian GAAP policy are that under IFRS transaction costs are expensed immediately whereas under Canadian GAAP such amounts are capitalized; contingent consideration under IFRS 3R is recognized on the date of acquisition, with subsequent changes recognized in income, whereas under Canadian GAAP such amounts are only recognized initially to the extent probable; and under IFRS 3R the acquirer can elect to measure any non-controlling interest at fair value at the date of acquisition or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree and can make this election on a transaction-by-transaction basis.

Impairments

Under Canadian GAAP for assets other than financial assets, a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets is less than their carried value. Under IFRS, IAS 36 *Impairment of Assets* ("IAS 36"), a write-down is recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or the discounted future cash flows from an asset or group of assets is less than carried value. Consistent with Canadian GAAP impairments are measured at the amount by which carried value exceeds fair value less costs to sell.

IFRS 1 - First-time Adoption of International Financial Reporting Standards:

The Company's adoption of IFRS will require the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all IFRS effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require mandatory exceptions and limited optional exemptions in specified areas of certain standards from this general requirement. The following are the optional exemptions available under IFRS 1 significant to the Company that the Company expects to apply in preparing its first financial statements under IFRS.

Business combinations

IFRS 1 allows for IFRS 3R to be applied either retrospectively or prospectively. Retrospective application would require that the Company restate all business combinations occurring before the date of its transition to IFRS. The Company will adopt IFRS 3R prospectively.

Fair value of revaluation as deemed cost

IFRS 1 allows an entity to initially measure property, plant and equipment upon transition to IFRS at fair value or under certain circumstances using a previous GAAP revaluation, as opposed to recreating depreciated cost under IFRS. The Company will, for items of property, plant and equipment where it is impracticable to recreate depreciated cost under IFRS, use either fair value or a previous GAAP revaluation as deemed cost. The Company expects to use a measure of deemed cost for a significant portion of its fixed assets, the cumulative effect of which will generally result in carrying values under IFRS in excess of those under Canadian GAAP. This increase in carrying value is the result of the accounting depreciation taken under Canadian GAAP no longer attributed to the assets in addition to the value appreciation of such assets since acquisition.

Cumulative translation differences

IAS 21 *The Effects of Changes in Foreign Exchange Rates* require a company to determine the translation differences in accordance with IFRS since the date on which a subsidiary was formed or acquired. IFRS allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations excluding translation differences arising from prior to the date of transition to IFRS. The Company expects to reset all cumulative translation differences to zero.

IFRS 1 allows for certain other optional exemptions; however, the Company does not expect such exemptions to be significant to the Company's adoption of IFRS.

SUMMARY OF HISTORICAL QUARTERLY RESULTS

Variations in operating cash flows are correlated with the amount of electricity generated in any given quarter, which is in turn dependent primarily on available water inflows, as well as realized prices due to marketing and asset enhancement initiatives. The following is a summary of unaudited quarterly financial information for the last eight consecutive quarters:

($US millions, except generation)	2008			2007				2006
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Power generated (GWh)	**3,399**	4,039	3,792	2,651	2,196	3,174	3,517	3,063
Revenues	**289**	336	321	225	179	243	257	208
Operating cash flow	**185**	237	237	135	96	161	182	131
Net income (loss)	**148**	23	47	(17)	(27)	6	19	14

BUSINESS RISKS

Management believes that given the current credit and economic conditions discussed earlier, the Company may be exposed to additional risks such as interest rate and refinancing risk, capital markets risk and industry risk. Details associated with these risks can be found in our short form base shelf prospectus dated July 28, 2008.

For additional information, please refer to the MD&A filed with the last audited financial statements, as well as the annual information form filed by Brookfield Power Corporation on www.sedar.com under Brookfield Power Corporation.

Supplementary to the above mentioned annual documents, for additional information on the risks relating to our business, growth and financing, please see the section entitled "Risk Factors" on pages 21 to 30 of our short form base shelf prospectus dated July 28, 2008, which pages are incorporated by reference in this MD&A, as well as the other information contained in and incorporated by reference in this MD&A. If any of the events or developments discussed in these risks actually occurs, our business, financial condition or results of operations could be adversely affected.

Certification Of Interim Filings

In conjunction with these statements, we have filed the Venture Issuer Basic Certificate on SEDAR. This certificate, which replaces Form 52-109F2, provides certification from the Chief Executive Officer and Chief Financial Officer that, after reviewing all interim filings of the Company, there are no material misstatements or omissions and that the filings present, in all material respects, the financial condition, results of operations and cash flows of the issuer, as of and for the period ended September 30, 2008.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements concerning the Company's business and operations. Forward looking statements can be identified by the use of words, such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements involve assumptions and known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward statements.

Examples of such statements include, but are not limited to, factors relating to production and the business, financial position, operations and prospects for the Company. They include (1) the level of generation; (2) energy prices; (3) the cost of production; (4) interest rates as they bear on indebtedness; (5) planned capital expenditures; (6) the impact of changes in the exchange rate on costs and results of operations; (7) the negotiation of collective agreements with unionized employees; (8) business and economic conditions; (9) the legislation governing air emissions, discharges into water, waste, hazardous materials and workers' health and safety as well as the impact of future legislation and regulations on taxation, expenses, capital expenditures and restrictions on operations; and (10) regulatory investigations, claims, lawsuits and other proceedings. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied in the forward-looking statements contained herein and as such, you are cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements represent our views as of the date of this MD&A. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to November 12, 2008, the date of this MD&A.

/s/ Donald Tremblay

Donald Tremblay
Executive Vice President and Chief Financial Officer