3. Use of judgments and estimates:

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses in the consolidated financial statements and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. The Company reviews its estimates and assumptions on an ongoing basis and uses the most current information available and exercises careful judgment in making these estimates and assumptions.

Critical judgments in applying accounting policies

The main judgments that were used in preparing the Company's consolidated financial statements relate to:

Non-financial assets

The determination of CGUs was based on management's judgment, giving consideration to geographic proximity and shared risk exposure and risk management.

Identifying events or changes in circumstances that may indicate or cause an asset's carrying amount to exceed its recoverable amount requires judgment in assessing what events or circumstances would have such an impact.

Classification of arrangements which contain a lease

As noted in note 2(g), the Company has exercised judgment in determining whether the risks and rewards of its generation assets which are subject to a PPA are transferred to the contracted purchaser under the PPA, in determining whether a lease exists and if so, whether the lease should be treated as a finance or operating lease. Details of those PPAs which contain either finance or operating leases are provided in note 15.

Key sources of estimation uncertainty

The main sources of estimation uncertainty in preparing the Company's consolidated financial statements relate to:

Financial instruments

The valuation of the Company's derivative instruments and certain other financial instruments requires estimation of the fair value of each instrument at the reporting date. Details of the basis on which fair values are estimated are provided in notes 14 and 29.

Non-financial assets

Depreciation and amortization allocate the cost of assets and their components over their estimated useful lives on a systematic and rational basis. Estimating the appropriate useful lives of assets requires significant judgment and is generally based on estimates of the life characteristics of common assets.

For determining purchase price allocations for business combinations, the Company is required to estimate the fair value of acquired assets and obligations. Goodwill is measured as the excess of the fair value of the consideration transferred less the fair value of the identifiable assets acquired and liabilities assumed. Goodwill acquired in an acquisition is, from the date of acquisition, allocated to each of the CGUs that are expected to benefit from the acquisition.

Estimates of fair value for the recoverable amount of CGUs undergoing impairment testing, and for purchase price allocations for business combinations, are primarily based on discounted cash flow projection techniques employing estimated future cash flows based on assumptions regarding the expected market outlook and cash flows from each CGU or asset. The cash flow estimates will vary with the circumstances of the particular assets or CGU and will be based on, among other things, the lives of the assets, contract prices, estimated future prices, revenues and expenses, including growth rates and inflation, and required capital expenditures. Details of the key estimates used in assessing the recoverable amount of each CGU at the last impairment review date are provided in note 28. Market capitalization and comparative market multiples, where available, are used to corroborate management's discounted cash flow projections.