

Capital Power
Corporation



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Brian Vaasjo,
President & CEO

Cautionary statement regarding forward-looking information

Certain information in this presentation and in responses to questions contains forward-looking information. Actual results could differ materially from conclusions, forecasts or projections in the forward-looking information, and certain material factors or assumptions were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information.

Please refer to pages 19-21 of this presentation and in our disclosure documents filed with securities regulators on SEDAR at sedar.com, which contains additional information about the material factors and risks that could cause actual results to differ materially from the conclusions, forecasts or projections in the forward-looking information and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information.

Overview of Capital Power



- New company formed in July/09 from EPCOR Utilities Inc.'s spin-off of its power generation business
- Canadian-based independent power producer (IPP) operating in North America and trading on the Toronto Stock Exchange (TSX: CPX)
- Business model: stable and growing cash flow from a balanced portfolio of long-term contracts and merchant components, supported by access to capital including an investment grade credit rating
- Disciplined growth through a prudent expansion strategy supported by development pipeline and proven construction expertise

Vision: to be one of North America's most respected, reliable and competitive power generators

Goal: to triple size to 10,000 megawatts by 2020 on a progressively accretive basis

Corporate strengths

Large, high quality generation portfolio

One of Canada's largest IPPs with interests in 31 facilities totaling ~3,500 MW of owned and/or operated generation capacity; geographic, fuel source and counterparty diversification; generally 60% coal, 20% natural gas and 20% renewables

Modern fleet with very good operating history

Average plant availability of 92%⁽¹⁾; average facility age of only 12.7 years⁽²⁾; long remaining average useful lives

Financial strength with access to capital

Strong balance sheet; commitment to maintain investment grade credit rating (BBB by S&P/DBRS) providing access to capital; \$1.2B committed bank facilities

Combination of long-term contracts & merchant position

Remaining average contract life of 9.7 years⁽²⁾; significant portion of portfolio sold forward in 2010 and 2011 providing stable cash flows; open merchant positions provide upside when power prices rise

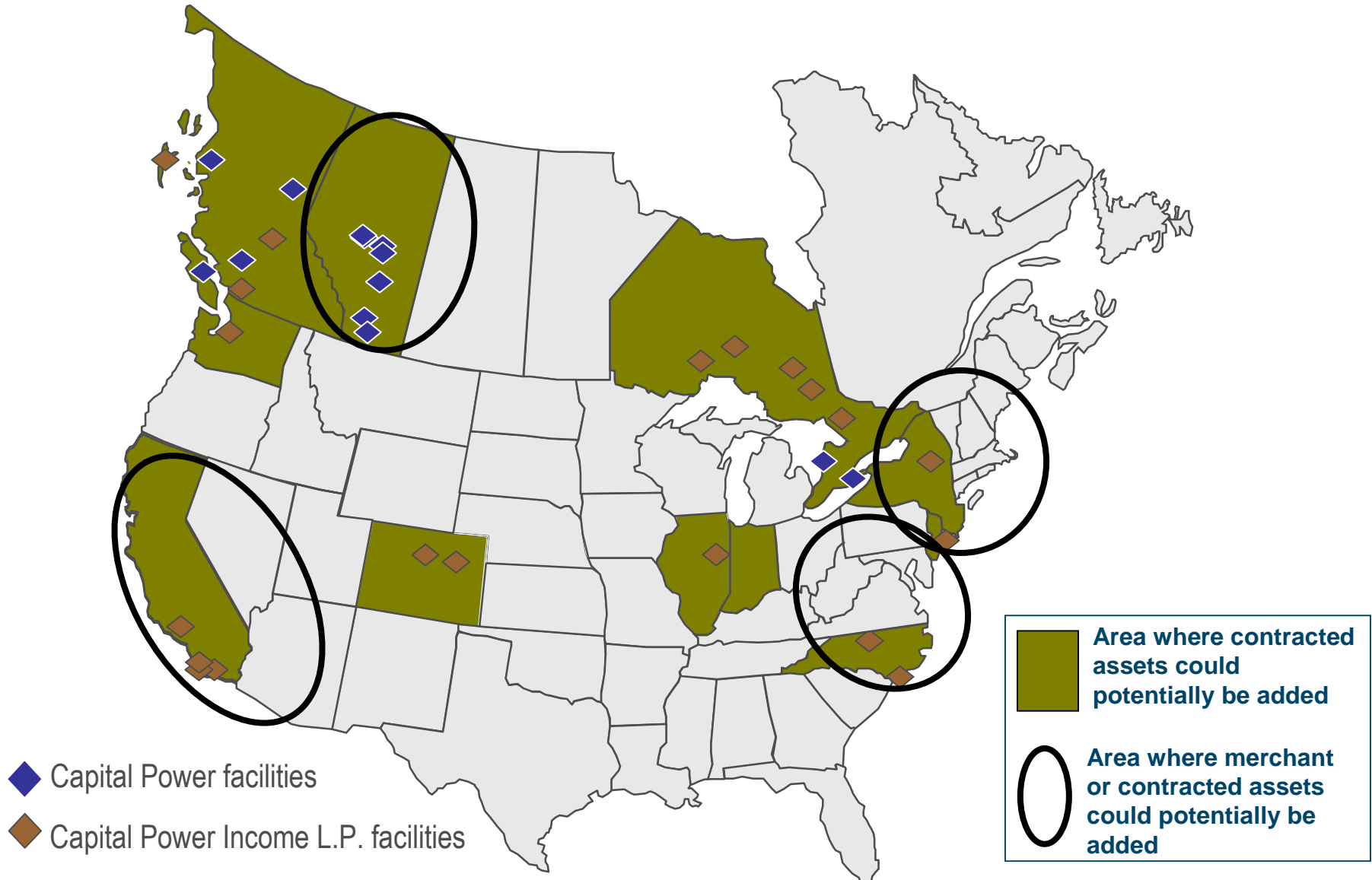
Solid platform for growth

Since IPO a year ago, 970 MW of new capacity has been added or placed into development

(1) Average plant availability for twelve months ended Jun 30, 2010; excluding CPILP average plant availability of 91%

(2) Weighted by capacity owned, as of Jun 30, 2010

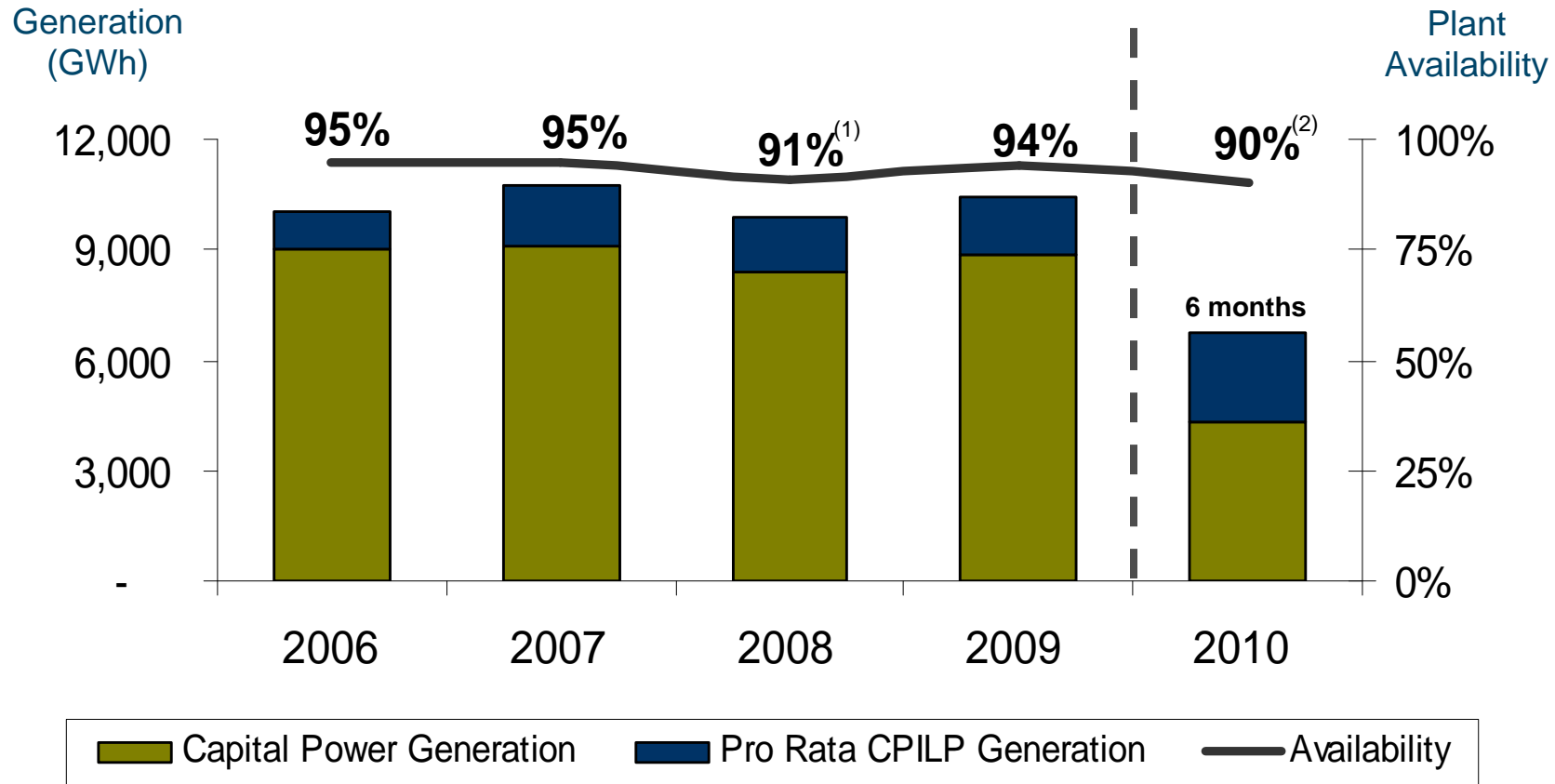
Strategic North American platform



Strong operating history, fleet availability



Very good operating performance history with high plant availability



(1) Lower availability in 2008 primarily due to a 39-day outage at Genesee 3 from a blade failure and planned outages at all three Genesee facilities

(2) 2010 full year plant availability estimate, excluding CPILP

Merchant upside – Alberta power market

- Alberta (AB) has competitive wholesale energy and ancillary services market operated by the Alberta Electric System Operator (AESO)
- Entire province is a single zone where prices are determined by the bid price of the marginal unit needed to balance demand and supply in real-time
- No capacity market – power generators must recover all costs through energy revenues
- Demand growth in Alberta primarily driven by oil sands investment outside of on-site cogeneration
- Current reserve margin of ~15%; forecast 11%-15% over the next 5 yrs.
- Generally considered one of the first North American markets to need capacity

AB power prices currently at trough levels with expectation of recovery in medium term

Strong cash flow generation

\$M	(on a de-consolidated basis)
\$240 ⁽¹⁾	FFO excluding non-controlling interests in CPILP
~(\$100)	Less: dividends
~(\$30 - \$40)	Less: avg maintenance capex (excluding CPILP)
~(\$10)	Less: other capex
~\$90 - \$100	Annual free cash flow

Generating significant discretionary cash flow net of dividend and maintenance capex – despite tough market conditions and in advance of future substantial cash flows from projects in construction

(1) 12 months ended Jun 30, 2010

Overview of growth strategy

- Throughout business cycle maintain good access to capital
- Target 50% contracted cash flow and 50% merchant
 - Maintain investment grade credit rating
 - Commitment to maintain an attractive dividend yield
- Growth through acquisitions and development
- Maintain discipline on:
 - Economics
 - Geography
 - Size
 - Fuel type

Growth via acquisitions

Market

- M&A market continues to be active for acquisition opportunities in Canada and the U.S.
- Gap between buyers and sellers closing
- CPX taking a very disciplined and patient approach

Acquisition criteria

- Hurdle rates (unlevered, after-tax IRR)
 - 11% for uncontracted / merchant assets
 - 9% for contracted assets
- Specific geographic areas
 - Currently natural gas generation assets in U.S.

Island Generation facility acquisition

- Capital Power LP signed a Purchase & Sale Agreement with Kelson Canada Inc. on Aug 2/10 to acquire the Island Generation facility for \$207M (plus closing costs and working capital adjustments)
- Expected to be modestly and immediately accretive to earnings and more significantly accretive to cash flow, based on EPA terms and expectations on accounting treatment
- Fully contracted with BC Hydro (rated “AAA” by S&P) until 2022, extends the Company’s current average PPA term remaining of ~10 years
- Relatively new facility (8 years old) with very good operating performance (90% average availability in past 3 years)
- Transaction expected to close in Q4/10, subject to regulatory and other approvals



Wind power project contract wins

	Quality Wind	Port Dover & Nanticoke
Location	Tumbler Ridge, BC	Norfolk & Haldimand, ON
Size	142 MW	105 MW
Project costs	~\$455M	~\$340M
Expected COD	Before end of 2012	Q4, 2012
Expected capacity factor	~35% (5 year wind study)	~35% (3 year wind study)
Contract & Counterparty	25-year EPA (BC Hydro)	20-year PPA, \$135/MWh (Ontario Power Authority)
Regulatory approvals	<ul style="list-style-type: none"> Received Environmental Assessment Certificate 	<ul style="list-style-type: none"> Awaiting completion of Ontario's Renewable Energy Approval process

Investment of nearly \$800M into wind projects with long-term contracted cash flows of 20 and 25 years in duration

Keephills 3 project update

- 495 MW coal-fired plant, supercritical boiler technology (same as Genesee 3)
- Partnership with TransAlta
- Total project cost of ~\$1.9B (CPX 50% portion = \$955M)
- Commissioning activities taking place on the boiler, turbine and electrical systems
- Plant expected to commence operations in Q2/11



Potential development opportunities

Pioneer Project

- Partnering with TransAlta and Alstom Canada (Alstom) to develop what will be one of the world's largest Carbon Capture and Storage (CCS) projects
- Using Alstom's Chilled Ammonia Process, Pioneer will be designed to capture one million tonnes of greenhouse gas emissions annually
- Retrofit Alstom carbon capture technology and carbon storage
- Pioneer Project located on Keephills 3 site
- Eligible to receive funding from Province of Alberta's \$2B CCS fund

British Columbia (BC) Biomass

- Government of BC and BC Hydro identified need to develop biomass-based power in response to the mountain pine beetle kill and their commitment to be electricity self-sufficient by 2016
- Working with West Fraser Timber Co. Ltd. to review development opportunities for a 50-70 MW biomass facility
- Expect BC Hydro to release Phase II of the Bioenergy Call (a competitive call for larger scale biomass projects) during 2010

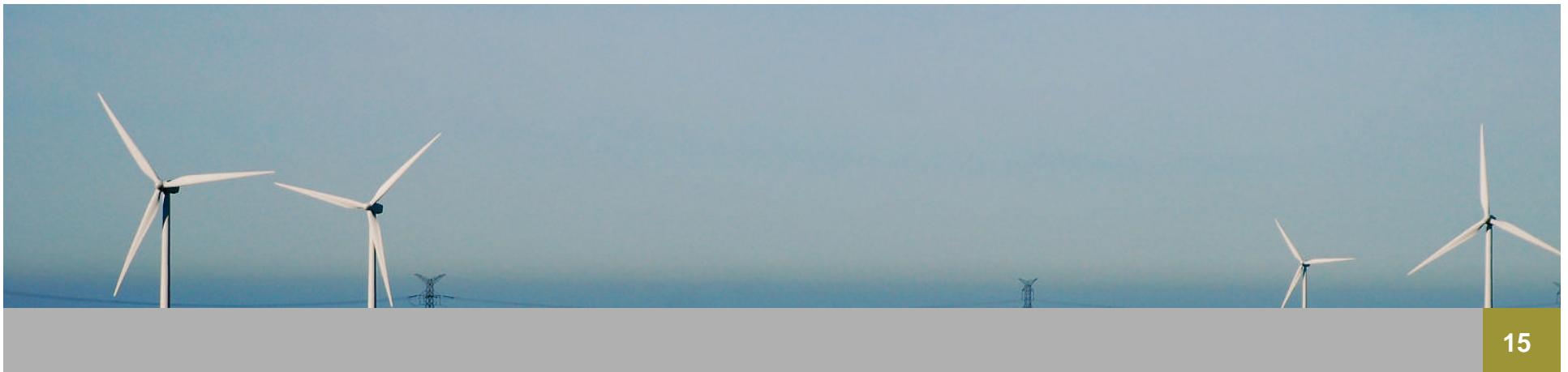
Potential development opportunities (cont'd)

Kingsbridge II Wind Power Project

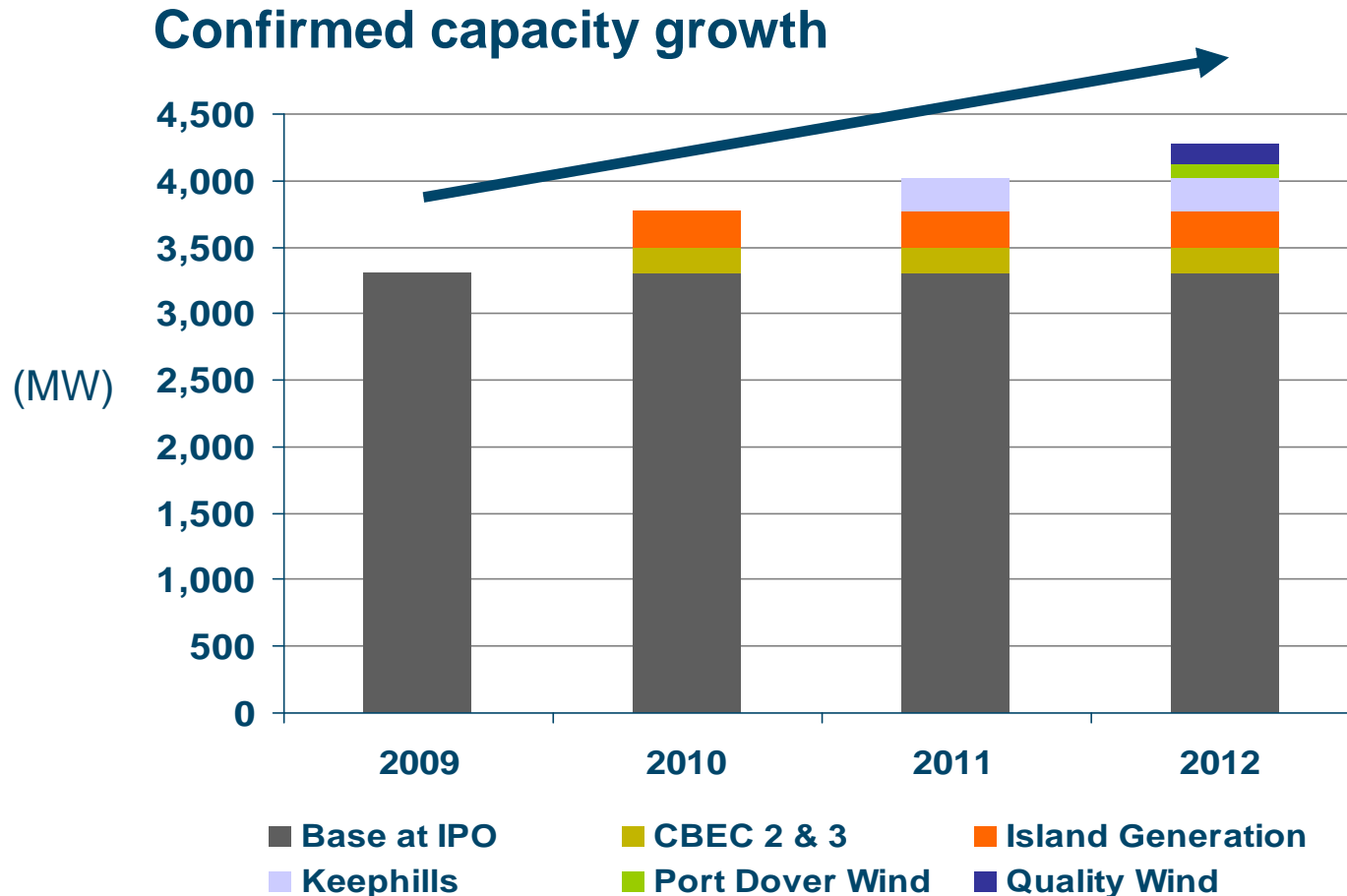
- Submitted into the Ontario Power Authority's (OPA's) Feed-In Tariff program
- Proposal to generate up to 270 MWs in one of Ontario's best areas for wind power generation near existing 40 MW Kingsbridge I
- Expect OPA to announce the next phase of projects selected under the FIT program later in 2010

Other wind projects

- Various locations

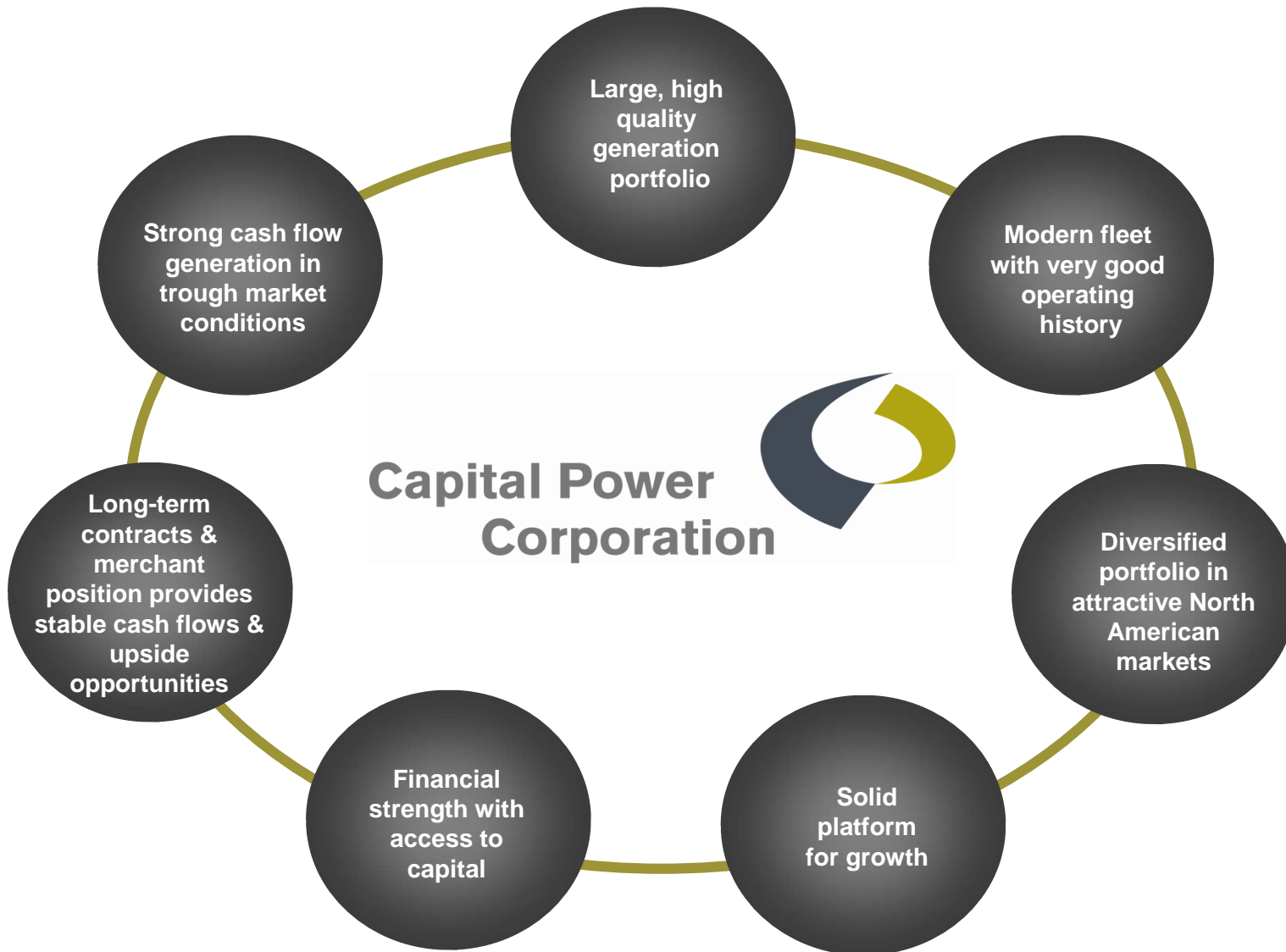


Execution of growth strategy



Since Capital Power's IPO launch a year ago, 970 MW of new capacity has been added or placed into development

Investment highlights summary



Questions?

Investor Relations

(780) 392-5305

(866) 896-4636 (toll-free)

investor@capitalpower.com

www.capitalpower.com

Forward-looking information

Certain information in this presentation is forward-looking within the meaning of Canadian securities laws as it relates to anticipated financial performance, events or strategies. When used in this context, words such as will, anticipate, believe, plan, intend, target, and expect or similar words suggest future outcomes.

Forward-looking information in this presentation includes, among other things, information relating to: (i) expected timing of commercial operation and expected project costs of the Port Dover & Nanticoke Wind project; (ii) expected contracted price for power under the OPA's FIT program for the Port Dover & Nanticoke Wind project; (iii) expectations for the Company's and CPILP's sources of capital and use and availability of committed bank credit facilities and potential future borrowings; (iv) the Company's and CPILP's cash requirements for 2010, including capital expenditures, distributions and dividends; (v) expected funding of the Quality Wind and Port Dover & Nanticoke wind projects during construction and once completed while maintaining a leverage in the range of 40%-50%; (vi) expectations regarding future financial strength and access to and terms of future financings; (vii) expectation about the ability of the Alberta commercial plant portfolio to participate in rising power market opportunities during the time Clover Bar Energy Centre Unit 2 is offline and the impact of Unit 2 being offline on operating margin and cash flows from operations; (viii) expected timing of when Clover Bar Energy Centre Unit 2 will be brought back online; (ix) expectations regarding management's intent to pursue making a business interruption claim for the outage of Clover Bar Energy Centre Unit 2; (x) expectations regarding timing of spending on Keephills 3; (xi) expected total capital project costs as well as expected project completion dates; (xii) expected timing and maintenance cost impact of the Genesee 3 scheduled maintenance outage; (xiii) expectations regarding potential further curtailments of the Genesee plants in 2010; (xiv) expectations regarding ability to meet the availability target in 2010 in light of issues with Clover Bar Energy Centre units; (xv) expectations about future income and future CPILP distributions; (xvi) expected impact of transition to IFRS and expected project review completion dates; (xvii) expectations regarding the impact of delays in the finalization of new PPAs for the North Carolina facilities on CPILP's earnings; (xviii) expectations regarding the Company's obligation for some of the costs for decommissioning and ongoing operations and maintenance of EPCOR's Rosedale plant; (xix) expectations regarding the impact on Capital Power of the plan for a new GHG emission regulation as announced by the Canadian Environment Minister in June 2010 and expectations with respect to additional charges for GHG emissions; (xx) expectations regarding the economic life of, and new performance standards for, coal-fired electricity generation units pursuant to the proposed new GHG regulation, and regarding the applicability of exemptions from the proposed new GHG regulation; (xxi) expectations regarding the timing of the draft and final GHG regulations and the GHG regulations being brought into force; (xxii) impact of proposed federal GHG emission regulations on SGER and consequential impact on the Company's Alberta facilities; (xxiii) expectations regarding the expiry or extension of the SGER; (xxiv) the expected closing date, purchase price and financing of the acquisition of the Island Generation Facility (Acquisition); (xxv) expectations regarding the revenue to be derived from the Acquisition and expectations regarding BC Hydro's responsibility for the fuel supply to the facility; (xxvi) the financing of the Acquisition, (xxvii) the estimated unlevered return and after-tax return of the Acquisition, (xxviii) the expected accretion from the Acquisition, (xxix) expectations regarding future operating performance

Forward-looking information (cont'd)

of the Acquisition; (xxx) expectations regarding peak demand, load and power generation growth on Vancouver Island and its impact on Island Generation's future value; (xxxii) the expected timing of the closing of the purchase transaction for the Acquisition, and (xxxiii) expectations regarding BC Hydro maintaining its credit rating.

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements include, but are not limited to: (i) the operation of the Company's facilities; (ii) power plant availability, including those subject to acquired PPAs; (iii) the Company's financial position and credit facilities and sources of funding; (iv) the Company's assessment of commodity and power markets; (v) the Company's assessment of the markets and regulatory environments in which it operates; (vi) weather; (vii) availability and cost of labour and management resources; (viii) performance of contractors and suppliers; (ix) availability and cost of financing; (x) foreign exchange rates; (xi) management's analysis of applicable tax legislation; (xii) the currently applicable and proposed tax laws will not change and will be implemented; (xiii) currently applicable and proposed environmental regulations will be implemented; (xiv) counterparties will perform their obligations; (xv) renewal and terms of PPAs or EPAs; (xvi) ability to successfully integrate and realize benefits of its acquisitions; (xvii) ability to implement strategic initiatives which will yield the expected benefits; (xviii) ability to obtain necessary regulatory approvals for development projects; (xix) the Company's assessment of capital markets and ability to complete future share and debt offerings; (xx) locations of projects and the areas of which they will be developed, including the availability and use of certain optioned lands; (xxi) costs of construction and development; (xxii) the operation of Island Generation; (xxiii) Island Generation availability; (xxiv) the Company's assessment of the markets and regulatory environments in which Island Generation operates; (xxv) ability to successfully integrate and realize benefits of the acquisition of Island Generation; and (xxvi) the Company's assessment of capital markets and ability to complete future securities offerings

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results and experience to differ materially from the Company's expectations. Such risks and uncertainties include, but are not limited to, risks relating to: (i) operation of the Company's facilities; (ii) power plant availability and performance; (iii) unanticipated maintenance and other expenditures; (iv) availability and price of energy commodities; (v) electricity load settlement; (vi) regulatory and government decisions including changes to environmental, financial reporting and tax legislation; (vii) weather and economic conditions; (viii) competitive pressures; (ix) construction; (x) availability and cost of financing; (xi) foreign exchange; (xii) availability and cost of labour, equipment and management resources; (xiii) performance of counterparties, partners, contractors and suppliers in fulfilling their obligations to the Company; (xiv) developments in the North American capital markets; (xv) compliance with financial covenants; (xvi) ability to successfully realize the benefits of acquisitions and investments; and (xvii) the tax attributes of and implications of any acquisitions. If any such risks actually occur, they could materially adversely affect the Company's business, financial condition or results of operations. In that case the trading price of the Company's common shares could decline, perhaps materially.

Forward-looking information (cont'd)

This presentation includes the following updates to previously disclosed forward-looking statements: (i) expectations regarding capital expenditures in 2010 have been revised to reflect a change in the timing of spending on the Keephills 3 project; (ii) the timing of when Clover Bar Energy Centre Unit 2 is expected to be brought back online has been revised from August to September; (iii) the expected timing of the completion of the material handling improvements at CPILP's Southport plant has been revised from the second quarter of 2010 to the third quarter of 2010; (iv) a change in the expected timing of the quantification of increased depreciation expense resulting from the implementation of IFRS 16, from the second to the third quarter of 2010; and (v) a change in the expected timing of the completion of the quantification of the opening financial statement adjustments resulting from the application of currently effective IFRS, from the third quarter to the fourth quarter of 2010. Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Forward-looking statements are provided for the purpose of providing information about management's current expectations, and plans relating to the future.

Readers are cautioned that such information may not be appropriate for other purposes. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.