

Acquisition of Tiverton Power and Rumford Power

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Forward-looking information

Cautionary statement

Certain information in this presentation and in responses to questions contain 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 the forward-looking information slides at the end of this presentation and in our February 17, 2011 press release, which contain 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.

Building on corporate strengths

The acquisition fits with our growth strategy

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

Large, high quality generation portfolio

Young and modern fleet

Proven operating and construction history

Financial strength with access to capital

Solid platform for sustainable growth

Tiverton and Rumford Power

- Natural-gas facilities located in target US NE market
- Exceeds IRR target for merchant assets
- CPC experienced with the technology
- Plants ~10 years old, very efficient proven technology
- Two plants with max. combined capacity of 549 MWs

Transaction overview

- Buyer under the Share Purchase Agreement (SPA) for the transaction is a subsidiary of Capital Power LP, the legal entity that directly and indirectly holds Capital Power's assets
- Purchase price for the acquisition is US\$315 million subject to working capital adjustments and other closing adjustments
- Both facilities are natural gas-fired combined cycle merchant power plants that sell their output into the New England Power Pool (NEPOOL)



Tiverton Power Generating Station

The acquisition of these two merchant power plants lays the foundation for a networked hub of assets in the U.S. northeast

Acquisition expectations

We expect to exceed our targeted return for merchant assets

- Acquisition expected to exceed the target of 11% IRR (unlevered, after-tax) for merchant assets

We expect immediate and long-term accretion

- Depending on financing, expect the acquisition to add on average between \$0.02 and \$0.07 to earnings per share over the first two years
- Expect the acquisition will be accretive to earnings over life of the facilities

We expect earnings to grow

- Earnings expected to increase significantly with the expected recovery of power prices in New England market as U.S. economy strengthens

Additional guidance will be provided upon closing

- Expected to close April 2011 subject to regulatory approvals and satisfaction of other customary closing conditions
- Capital Power will provide additional guidance including EBITDA projections

Rumford & Tiverton facilities

- Rumford Power is located in Rumford, Maine and Tiverton Power is located in Tiverton, Rhode Island



- Each plant is a 265 MW (nominal capacity) natural-gas combined cycle plant
- Rumford and Tiverton have winter generation capacities of 270 MW and 279 MW, respectively with a combined maximum capacity of 549 MW

Rumford & Tiverton facilities (cont'd)

- Both plants commenced commercial operation in 2000
 - Approximately 10-year old plants consistent with Capital Power's young fleet
- Facilities' design configurations utilize a single fuel GE 7FA power island
 - Technology well proven
 - Similar to technology Capital Power commissioned and operates at the Frederickson facility in Washington State

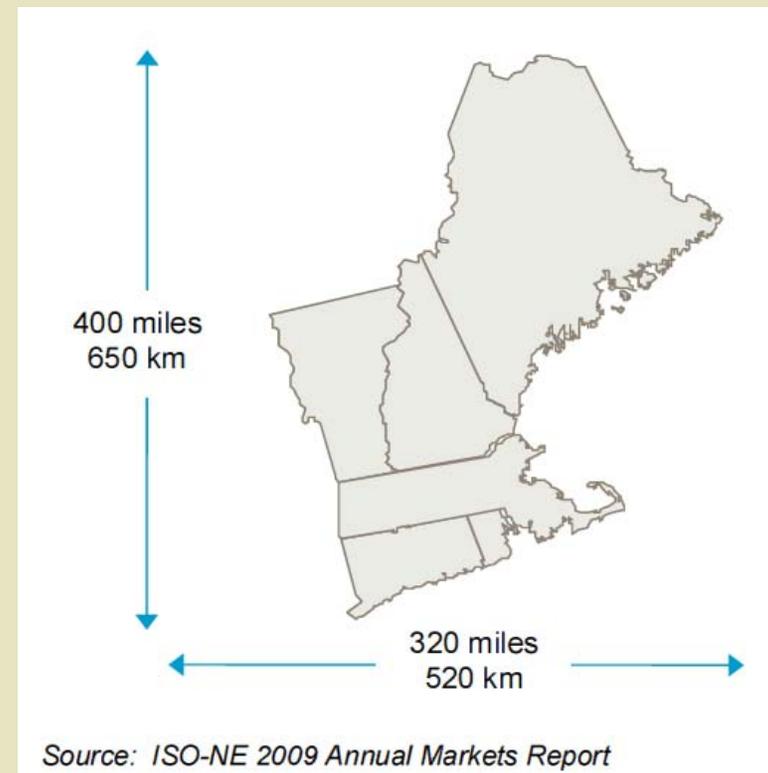


Rumford Power Generating Station

Both facilities are relatively young, gas-fired plants that are very efficient using proven generation technology

New England power market

- Tiverton and Rumford plants supply electricity to the New England Independent System Operator (ISO-NE)
- Electric interconnection infrastructure
 - Tiverton is interconnected to the National Grid 115 kv transmission system
 - Rumford is interconnected to the Central Maine Power 115 kv transmission system
- Both facilities are Exempt Wholesale Generators (EWG) and have Federal Electric Regulatory Commission (FERC) authorization to sell capacity, energy, and ancillary services at market-based rates



New England power market (cont'd)

- Tiverton and Rumford operate as mid-merit generation units and sell their outputs on an hourly basis into the New England Power Pool (NEPOOL)
- NEPOOL is one of the most advanced and liquid markets in the United States with a peak demand of approximately 28,000 MW
- NEPOOL serves six New England states: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont
- NEPOOL contains
 - Approximately 14 million people
 - Over 6.5 million households and businesses
 - Subject to FERC jurisdiction
 - More than 400 participants
 - Over 8,000 miles of transmission lines
 - 13 interconnections to the New York and Canadian power systems

Forward-looking information

Certain information in this presentation and in response to questions is forward-looking within the meaning of Canadian securities laws as it relates to anticipated financial and operating 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 includes, among other things, information relating to: (i) expectations that the Tiverton and Rumford acquisition (Acquisition) will exceed the targeted rate of return Capital Power seeks from merchant assets, (ii) the expected accretion to earnings from the Acquisition, (iii) the expected timing of the closing of the purchase transaction for the Acquisition, (iv) expectations that Capital Power will attain its goal of 10,000 MW of assets by 2020 on a consistently accretive basis, (v) expectations that the Tiverton and Rumford power plants will provide Capital Power with the foundation of a networked hub in the U.S. Northeast, (vi) expectations that the Tiverton and Rumford power plants will help Capital Power sustain a balanced portfolio of contracted and merchant assets, (vii) expectations that power prices will recover in the New England market, (viii) expectations that earnings from the Tiverton and Rumford plants will increase as power prices increase, and (ix) expectations regarding the addition on average of \$0.02 to \$0.07 in earnings per share over the first two years, depending on financing.

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 Tiverton and Rumford plants (together “the plants”); (ii) the plants availability; (iii) the Company's financial position and credit facilities and sources of financing; (iv) the Company's assessment of commodity and power markets; (v) the Company's assessment of the markets and regulatory environments in which the plants operates; (vi) expected recovery of power prices in the New England market as the U.S. economy strengthens, (vii) weather; (viii) availability and cost of labour and management resources; (ix) performance of contractors and suppliers; (x) availability and cost of financing; (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) the

Forward-looking information (cont'd)

Company's ability to successfully integrate and realize benefits of the acquisition of the plants; (xvi) the Company's ability to implement strategic initiatives which will yield the expected benefit; and (xvii) 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 and uncertainties relating to: (i) operation of the plants; (ii) the plants 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) availability and cost of financing; (x) availability and cost of labour, equipment and management resources; (xi) performance of counterparties, partners, contractors and suppliers in fulfilling their obligations to the Company; (xii) developments in North American capital markets; (xiii) compliance with financial covenants; (xiv) ability to successfully realize the benefits of the acquisition of the plants; (xv) the tax attributes of the acquisition of the plants; and (xvi) the outcome of the review of Capital Power Income L.P.'s strategic alternatives jointly announced by Capital Power and Capital Power Income L.P. on October 25, 2010 and any transaction that may result therefrom.

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. 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.

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