Q1/18 Analyst Conference Call

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Capital Power

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Forward-looking information

Cautionary statement

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 as a result of certain material factors or assumptions that were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information.

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 are disclosed on slide 14 of this presentation and in the Company's first quarter 2018 Management's Discussion and Analysis (MD&A) prepared as of April 27, 2018 which is available under the Company's profile on SEDAR at sedar.com and on the Company's website at capitalpower.com.

Non-GAAP financial measures

The Company uses (i) earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense and depreciation expense from its joint venture interests, and gains or losses on disposals (adjusted EBITDA), (ii) adjusted funds from operations, (iii) adjusted funds from operations per share, (iv) normalized earnings attributable to common shareholders, and (v) normalized earnings per share as financial performance measures.

These terms are not defined financial measures according to GAAP and do not have standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, net income attributable to shareholders of the Company, net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, these measures are provided to complement GAAP measures in the analysis of the Company's results of operations from management's perspective.

Reconciliations of these non-GAAP financial measures are disclosed in the Company's Management's Discussion and Analysis prepared as of April 27, 2018 for the first quarter of 2018, which is available under the Company's profile on SEDAR at SEDAR.com and on the Company's website at capitalpower.com.

Executing on growth

Cardinal Point Wind is the 3rd U.S. wind development project

- Cardinal Point Wind is a 150 MW wind project in Illinois
- In Apr/18, executed a 12-year fixed price hedge agreement with an investment grade U.S. financial institution covering 85% of the facility's output
- Revenue swap contract involving a fixed volume of generation for a fixed price per MWh
- Project has also secured 15-year, fixed-price REC contracts with three Illinois utilities
- Long-term predictable revenues allow the project to secure tax equity financing
- Expected total capital cost of $289M to $301M (US$236M to US$246M)
- Commercial operations expected in March 2020

Continued growth in U.S. renewables market to strengthen contracted cash flow profile

Q1/18 highlights

Strong operations and solid financial performance

- Strong operating performance with average facility availability of 96%
- Quarter benefitted from assets acquired and developed in 2017

Alberta power market

- Alberta power market continues to experience demand growth and impact of higher carbon costs combined with coal plants coming off-line, resulted in an average AB spot price of $35/MWh in Q1/18
    - Q1/18 had the highest average quarterly power price since Q2/15
- Current average forward prices in the mid-$50/MWh for the remainder of 2018 and 2019

Updates on Alberta power market

Capacity market design – update of key components

- AESO released 2nd draft of Comprehensive Market Design (CMD2) on Apr 24/18
- Design continues to be constructive, indicating that existing and future assets will have an equal opportunity to earn a return on and of capital
- We have greater confidence that the Alberta Government's commitment to treat new and existing assets equitably will be honored
- CMD2's key design elements such as participation, market mitigation, term length remain reasonable as expected
- AESO continues to be on-track to finalize its proposed market design for July 2018

CMD2 remains generally consistent with our view of a properly designed capacity market for Alberta and Capital Power is well-positioned under this market design

Q1/18 financial review

- Q1/18 financial results were generally in line with management's expectations
  - Generated $85M of AFFO
  - Adjusted EBITDA[1] of $173M versus $134M in Q1/17
- Timing difference for major planned outage at Genesee in 2018 versus 2017
  - Genesee 2 outage in Q1/18 compared to Genesee 1 outage in Q2/17
  - Q1/18 revenues and Adjusted EBITDA for the Alberta contracted facilities segment unchanged from Q1/17 due to receipt of lower net availability payments, partly offset by higher PPA indices and higher power prices

1) Adjusted EBITDA before unrealized changes in fair value of commodity derivatives and emission credits of -$1M and $9M for Q1/18 and Q1/17, respectively.

Portfolio optimization

AB commercial portfolio positions

	2019	2020	2021
As of date	March 31, 2018		
% sold forward(1)	46%	22%	4%
Contracted prices(2) ($/MWh)	Low-$50	Low-$50	Mid-$50

Current average forward prices(3) ($/MWh)	Mid-$50	Low-$50	Mid-$40

Nearly 500 MW (gas peaking, wind) available to capture upside from higher power prices or price volatility

1) Based on the Alberta baseload plants plus a portion of Joffre and the uncontracted portion of Shepard.
2) Forecasted average contracted prices may differ significantly from future average realized prices as future realized prices are driven by a combination of previously contracted prices and settled prices.
3) As of April 27, 2018.

Financial performance – Q1/18

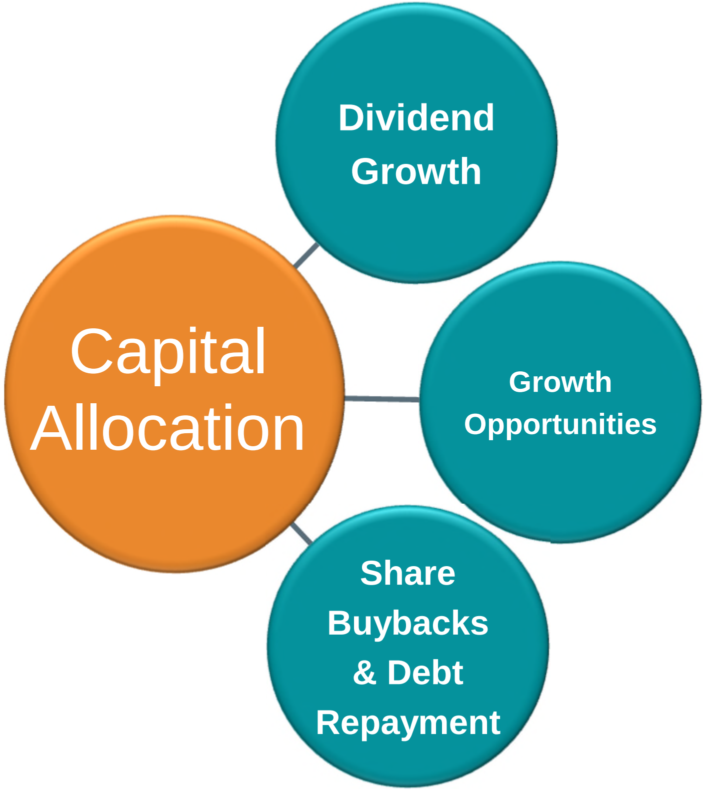
$M, except per share amounts	Q1/18	Q1/17	Change
Revenues and other income	**$307**	$338	(9%)
Adjusted EBITDA (before mark-to-market)[1]	**$173**	$134	29%
Basic earnings per share	**$0.32**	$0.44	(27%)
Normalized EPS	**$0.30**	$0.34	(12%)
Adjusted funds from operations (AFFO)	**$85**	$88	(3%)
AFFO per share	**$0.82**	$0.91	(10%)

Higher Adjusted EBITDA due to the acquisition of Veresen assets and Decatur Energy and addition of Bloom Wind in Q2/17

1) Before unrealized changes in fair value of commodity derivatives and emission credits of -$1M and $9M for Q1/18 and Q1/17, respectively.

Capital allocation

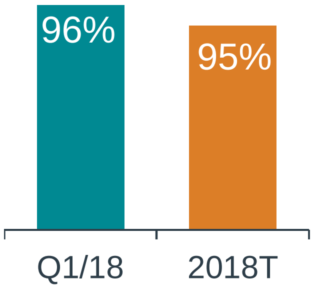
Absent growth, consider share buybacks and debt reduction



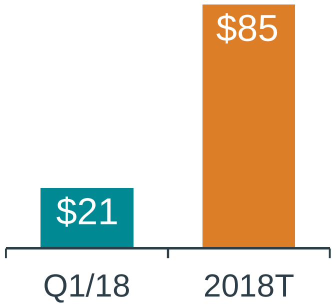
- TSX-approved Normal Course Issuer Bid (NCIB) to purchase and cancel up to 9.3M common shares during the 1-year period ending Feb 20/19
- In Q1/18, bought back 713,100 shares at a total cost of $17M

Q1/18 performance versus 2018 annual targets

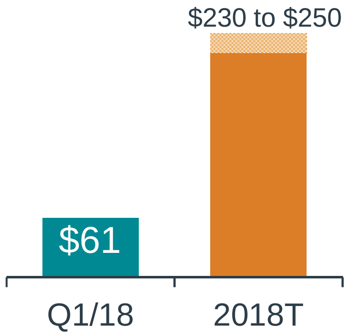
Facility availability



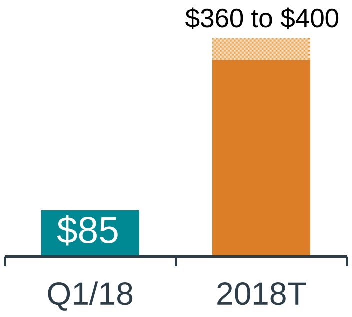
Sustaining capex ($M)



Facility O&M expenses ($M)



AFFO ($M)



2018 AFFO expected to be above the midpoint of the range

2018 development & construction targets

Construction

- New Frontier Wind (North Dakota) – $182M budget, COD in Dec 2018
- Whitla Wind (Alberta) – $315-$325M budget, COD in Q4 2019

Development

- Execute contracts for the output of 1-3 new wind developments
  - Contract executed for Cardinal Point Wind
  - Alberta REP – rounds 2 & 3
  - U.S. development pipeline

Continued growth from U.S. wind development opportunities

Questions?

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Forward-looking information

Forward-looking information or statements included in this presentation are provided to inform the Company's shareholders and potential investors about management's assessment of Capital Power's future plans and operations. This information may not be appropriate for other purposes. The forward-looking information in this presentation is generally identified by words such as will, anticipate, believe, plan, intend, target, and expect or similar words that suggest future outcomes.

Material forward-looking information includes expectations regarding:

- future revenues, expenses, earnings and adjusted funds from operations,
- the future pricing of electricity and market fundamentals in existing and target markets,
- future dividend growth,
- the Company's future cash requirements including interest and principal repayments, capital expenditures, dividends and distributions,
- the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings,
- future growth and emerging opportunities in the Company's target markets including the focus on certain technologies,
- the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions (including the New Frontier Wind project, phase 1 of the Whitla Wind project and the Cardinal Point Wind project),
- facility availability and planned outages,
- capital expenditures for facility maintenance and other (sustaining capital, future growth projects),
- the impact of the transition to a capacity market on the Company's future growth projects including the Genesee 4 and 5 project,
- expectations around the Line Loss Rule Proceeding including timing of retrospective loss factors being finalized, participation in applicable appeal processes, and potential impacts to the Company, and
- impacts of future IFRS standards and amendments.

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, expected future developments, and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements relate to:

- electricity, other energy and carbon prices,
- performance,
- business prospects and opportunities including expected growth and capital projects,
- status of and impact of policy, legislation and regulations,
- effective tax rates, and
- other matters discussed under the Performance Overview and Outlook sections.

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 material risks and uncertainties are:

- changes in electricity prices in markets in which the Company operates,
- changes in energy commodity market prices and use of derivatives,
- regulatory and political environments including changes to environmental, financial reporting, market structure and tax legislation,
- generation facility availability and performance including maintenance of equipment,
- ability to fund current and future capital and working capital needs,
- acquisitions and developments including timing and costs of regulatory approvals and construction,
- changes in market prices and availability of fuel, and
- changes in general economic and competitive conditions.

See Risks and Risk Management in the Company's December 31, 2017 MD&A for further discussion of these and other risks. Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the specified approval date. 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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