

Moving in the Right Direction

Capital Power releases its first corporate responsibility report



“The people of Capital Power are deeply committed to achieving the company’s vision of becoming one of the most respected, reliable, competitive power producers in North America. We’re aiming to triple our capacity to 10,000 megawatts by the year 2020. Acting responsibly and respectfully in every aspect of our business is vital to the realization of our goals.”

– President & CEO Brian Vaasjo

INTERNATIONALLY RECOGNIZED A+ RATING

Capital Power’s first Corporate Responsibility Report fully and openly reports on the impacts Capital Power’s operations and business practices have on the environment, employees, shareholders, and communities. It paints a clear picture of where we stand as a corporate citizen.

Our report achieved an A+ level of reporting under Global Reporting Initiative (GRI) guidelines. PricewaterhouseCoopers LLP has independently assured the A+ rating.

Moving in the Right Direction is a concrete example of Capital Power’s corporate values: acting with integrity; being accountable and environmentally responsible; and working safely towards a zero-injury culture.

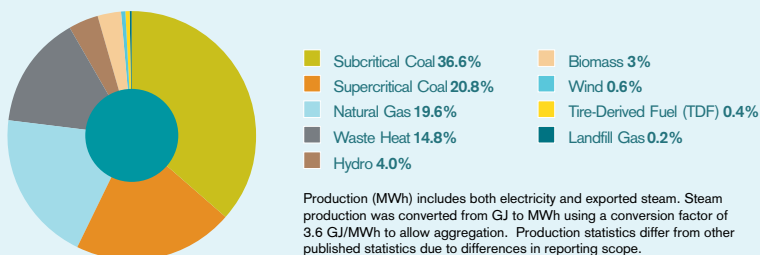
A CLEAR FUTURE OF RESPONSIBLE GROWTH

Capital Power (TSX: CPX) is a growth-oriented North American power producer headquartered in Edmonton, Alberta, with interests in 31 facilities across North America. We develop, acquire and optimize power generation from a wide range of energy sources.

Capital Power is a new company, yet it is firmly anchored to a legacy of integrity, innovation, and more than a century of experience. This solid foundation enables the company to blaze a new trail in the North American power generation industry.

DIVERSITY OF FUEL SOURCE...WITH PLANTS ACROSS NORTH AMERICA

HOW GENERATION IS FUELLED AT CAPITAL POWER (2009)



Capital Power
Corporation



TOTAL AIR EMISSIONS

	Nitrogen oxide (tonnes)		Sulphur dioxide (tonnes)		Total particulate matter (tonnes)		Mercury (kg)		Greenhouse Gases (tonnes CO ₂ E) (millions)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Canada	16,300	14,300	16,100	14,900	1,300	1,130	165	113	10.03	8.77
U.S.	1,100	1,700	1,700	5,200	200	245	4	13	1.82	2.18
All	17,300	16,000	17,800	20,100	1,500	1,375	169	126	11.85	10.95

Values represent direct emissions from power generation operations. U.S. greenhouse gas emissions represent CO₂ only.

In accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard [World Resources Institute and World Business Council for Sustainable Development (2004)], greenhouse gases released at facilities from combustion of biomass and landfill gas are not included in emission totals and intensities. In 2009, greenhouse gas emissions from the combustion of biomass and landfill gas totalled 626,117 tonnes of CO₂ equivalent. In 2008, greenhouse gas emissions from the combustion of biomass and landfill gas totalled 809,000 tonnes.

THE PATH TO A SMALLER CARBON FOOTPRINT

With close to 60 per cent of our net generation from coal, reducing emissions remains one of our greatest challenges. Capital Power's strategy includes investing in new technology, and a market-leading carbon offsets program.

When the Keephills power plant begins operations in 2011, it will join the Genesee Generating Station as the **cleanest, most advanced coal plant** in Canada. Both of these Alberta facilities are jointly owned by Capital Power and TransAlta.

Laser monitoring technology for CO₂ emissions at the Genesee 3 facility is expected to reduce CO₂ emissions by 60,000 tonnes per year. Capital Power was the first company in North America to install this kind of technology in a coal plant.

Our Clover Bar Energy Centre in Edmonton operates the most **modern natural-gas turbines** in Canada, which are among the first of their kind in the world. The two newest turbines use 85% less water and produce about 70% less nitrogen oxide per megawatt hour compared with the old facility. These two units can reduce CO₂ emissions by more than 30,000 tonnes per year; the equivalent of taking 5,000 cars off the road every year.

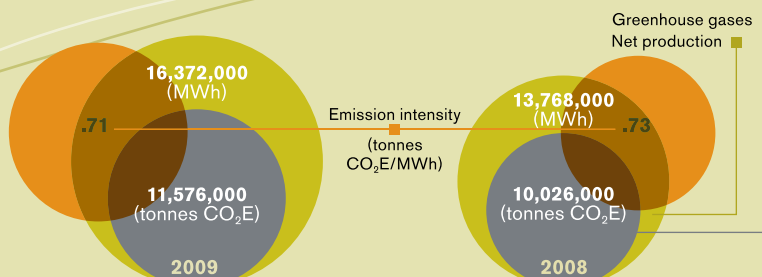
We are also growing our portfolio of contracted renewable energy projects, with approximately **\$800 million committed to wind projects** in Ontario and B.C.

Capital Power has teamed up with TransAlta, Alstom Canada, and Enbridge to build one of **Canada's first fully-integrated carbon capture and storage (CCS)** projects that involves retro-fitting a coal-fired power plant. Project Pioneer would capture approximately 30% of the greenhouse gas emissions from the Keephills facility, making it one of the largest CCS projects in the world.

We are also at the forefront of research and design that could eventually see clean power technologies in use to **reduce CO₂ emissions to virtually zero**. A \$33-million partnership with the Government of Canada, the Government of Alberta and the Canadian Clean Power Coalition produced a groundbreaking study and design for an Integrated Gasification Combined Cycle (IGCC) facility with carbon capture and storage.

This initiative demonstrates how gasification technology can convert Alberta coal into synthetic gas, stripping out impurities before burning the gas in a combustion turbine to create electricity. It also provides a technical platform of knowledge for others seeking to use an abundant natural resource in a way that creates significantly lower emissions.

GREENHOUSE GAS INTENSITY FROM FOSSIL FUEL FACILITIES



Production includes the entire production from fossil fuel facilities, including the production from waste heat. CO₂E is carbon dioxide equivalent.

LOWER EMISSION INTENSITY

With the Genesee facility back up to normal levels of production in 2009 (following planned and unplanned shutdowns in 2008), and with added production from new facilities such as the Morris co-generation plant in Illinois (owned by Capital Power Income L.P.), net generation was about 12% higher in 2009 compared to the previous year. Accordingly, CO₂ emissions were approximately 8% higher.

On the whole, however, CO₂ emissions per megawatt hour of all electricity produced were lower in 2009. The lower emission intensity was mainly due to increased output from co-generation. (The Morris facility was acquired in late 2008).

OTHER EMISSIONS

- Both volume and intensity of sulphur dioxide emissions were lower in 2009, a reduction of 11% and 21% respectively.
- Nitrogen oxide emission intensity was about 7% lower, while the volume of emissions was approximately 7% higher.
- Increased production at Genesee resulted in a 13% increase in particulate matter emissions in 2009. Emission intensity was unchanged.
- The volume and intensity of mercury emissions were both up significantly, 35% and 21% respectively, in 2009. The higher volume reflects increased production at Genesee, compared with 2008. The higher intensity was primarily due to a higher mercury content in the coal. Mercury-capture technology at Genesee is expected to reduce mercury emissions in the future.

BY THE NUMBERS: NET GENERATION (MWH)

2009	10,470,000 Capital Power (Canada)	+	1,926,000 Capital Power Income L.P. (Canada)	=	12,396,000 Total Canadian Generation	+	5,874,000 Capital Power Income L.P. (U.S.)	=	18,270,000 Capital Power Total
2008	9,257,000 EPCOR (Canada)	+	2,007,000 EPCOR Power L.P. (Canada)	=	11,264,000 Total Canadian Generation	+	5,056,000 EPCOR Power L.P. (U.S.)	=	16,320,000 EPCOR Total

For the periods 2008 and January 1 – June 30, 2009, production statistics are for the relevant predecessor entity. EPCOR Utilities Inc.'s power generation business is the predecessor for Capital Power Corporation, and EPCOR Power L.P. the predecessor for Capital Power Income L.P. Production statistics may differ from other published statistics due to differences in the scope of reporting.



OCCUPATIONAL HEALTH AND SAFETY

Capital Power believes safety must be managed and incidents are preventable. **A zero-injury culture is a primary corporate goal.** Policies and procedures set clear expectations for safe, healthy and environmentally-responsible work and working conditions.

In 2009, the company's focus on health and safety contributed to reduced total recordable injuries and lost-time injury rates, which were lower than the average of the three years prior.



PROTECTING FISH & WILDLIFE

Capital Power's bio-monitoring program at Genesee is one of the largest in Canada. Our work to assess potential impacts on wildlife in 2009 included monitoring the nesting of Peregrine falcons in the area, surveying the habitats of ungulate (e.g. deer, moose) and surveying the over-wintering migratory birds, raptors and owls, songbirds and amphibians. No adverse impact on air, water, wildlife, and habitat was found in 2009.

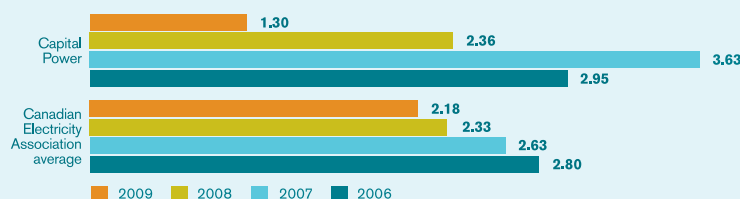
Capital Power also works with University of Alberta graduate students to study ways of improving wildlife habitats through **innovative reclamation** methods involving wetlands and forests.

At our hydro facility in Miller Creek, B.C., an environmental monitoring program is being credited for increased sightings of Coastal Tailed Frogs and American Dippers.

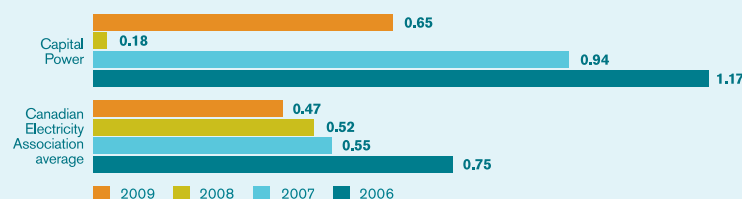
LABOUR PRACTICES

- **Employee turnover rates at Capital Power were significantly lower in the last half of 2009** compared with the full year 2008 at our predecessor company.
- The lowest wage paid to a Canadian employee was more than double the local minimum wage. In the U.S. it was 1.9 times the local minimum wage.
- The company has positive relationships with its five Canadian labour unions, which together represent approximately 40% of Capital Power's Canadian labour force and approximately 30% of Capital Power's overall work force.
- More than 85% of employees are members of either Capital Power's registered defined contribution plan or the Local Authority Pension Plan (LAPP).
- Out-of-scope employees participate in a short-term incentive plan (STIP), based on achievement of corporate, group, and individual performance objectives.
- Capital Power's Total Rewards program is based on a Flex Credit system that allows employees to direct their own coverage by allocating credits to different areas.
- An example of Capital Power's dedication to developing its people was a decision to maintain staff training and development budgets despite difficult market conditions in 2009.

TOTAL RECORDABLE INJURY/ILLNESS FREQUENCY



LOST TIME INJURY FREQUENCY



*2009 company data is for the period July 1 – December 31, 2009. Historical company data (2006 – 2008) is for all employees at Capital Power's predecessor company, EPCOR Utilities Inc. Canadian Electricity Association averages are for Group II utilities.

Frequency rates are calculated by multiplying the number of incidents by 200,000 hours (200,000 hours is an industry standard base and equals 100 employees working 40 hours per week for 50 weeks per year) and then dividing that number by the hours worked (exposure hours).

STAKEHOLDER ENGAGEMENT PHILOSOPHY

Capital Power develops and operates power plants from a diverse range of fuel sources in communities across North America.

At every stage of a facility's life-cycle – from development, through operations, to decommissioning – we draw on best practices in public consultation to ensure that critical infrastructure is permitted, built and operated in a way that aligns with the interests and priorities of the community.

For example, the Genesee Community Advisory Task Group meets three times a year to discuss operational and community issues related to the power plant and mine. In Ontario, a comprehensive engagement program is well established for the Kingsbridge I Wind Power Project. In B.C., public consultation and First Nations engagement for the proposed 142-megawatt Quality Wind project near Tumbler Ridge is underway.



INVESTING IN THE COMMUNITY

Capital Power contributes to healthy, sustainable communities through its community investment program. In 2009, employees reported more than 3,000 hours in community volunteer efforts. Employees who volunteered a minimum of 50 hours in 2009 could apply for a \$200 grant to be directed to a non-profit or community service organization recommended by them. In 2010, the grant is being increased to \$300.

A partnership with the Art Gallery of Alberta over the next three years, *Capital Powered Art*, is bringing more than 10 major exhibitions from the National Gallery of Canada to the AGA.

Other community investments in 2009 included:

- Alberta Shock Trauma Air Rescue Service (STARS) Foundation.
- Williams Lake Studio Society
- Stewardship Pemberton Society
- Le Fondation de l'Hopital Notre Dame Hospital, Hearst, Ontario.
- Corinth Volunteer Fire Department, New York. ■

TO ORDER A COPY OF MOVING IN THE RIGHT DIRECTION:

Capital Power, External & Investor Relations

9th Floor, 10065 Jasper Ave.

Edmonton, AB T5J 3B1

(780) 392-5009

Download a full copy of the report from capitalpower.com

Capital Power Corporation



“This visionary initiative provides vital financial support in making world-class art available to Albertans. The long-term commitment is a rare gesture in the Canadian art world, establishing a stable environment for the AGA to plan for the future.”

– Gilles Hébert, executive director, Art Gallery of Alberta.

CAPITAL POWER OPERATIONS (INCLUDING CPILP)

