Capital Power Corporation

BMO Capital Markets

6th Annual Utilities & Pipelines Day
November 30, 2010

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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 21-22 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.

Capital Power overview

Capital Power Corporation

- Canadian-based, growth-oriented independent power producer (IPP) operating in North America and trading on the TSX (CPX)
- Company formed in July/09 from EPCOR Utilities Inc.'s spin-off of its power generation business
- Business model:
  - Generate stable and growing cash flows by targeting a balanced portfolio of facilities with long-term contracts and merchant components
  - Maintain continual access to competitive cost of capital through investment grade credit rating
  - Deliver disciplined growth through a prudent expansion strategy of development and acquisitions targeting specific geographic markets and generation technologies
  - Commitment to maintain attractive dividend

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

Corporate strengths

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Large, high quality generation portfolio	One of Canada's largest IPPs with interests in 32 facilities totaling nearly 3,800 MW of owned and/or operated generation capacity
Modern fleet with proven operating history	3-year average plant availability of 93%(1); average facility age of 13 years(2); long remaining average useful lives
Combination of long-term contracts & merchant position	Remaining avg. contract life of 10 years(2); significant portion of AB portfolio sold forward in 2010-11 providing stable cash flows; open merchant positions provide market related opportunity
Financial strength with access to capital	Strong balance sheet; commitment to maintain investment grade credit rating (BBB by S&P/DBRS) providing access to growth capital; $1.2B committed bank facilities; significant financial flexibility
Solid platform for sustainable growth	Since IPO in mid-2009, 970 MW of new capacity has been added or placed into development

(1) Average annual plant availability for 2007-2009
(2) Weighted by pro-rata ownership of gross megawatts as of Oct 31/10

Large, high quality generation portfolio

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Interests in 32 facilities (nearly 3,800 MW)

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Directly Owned

- **Alberta Contracted**
  Two Facilities
  820 MW
- **Alberta Commercial**
  - **Six Facilities**
    943 MW(1)
    (695 MW)(2)
  - **Sundance PPA**
    371 MW
- **ON/BC Contracted**
  Four Facilities
  355 MW

~30% LP Interest(3)

- **Capital Power Income L.P.**
  20 Facilities
  1,668 MW(1)
  (459 MW)(2)

(1) Capacity owned and /or operated
(2) Capital Power Corporation capacity owned
(3) As of Oct 31/10

Strategic North American platform

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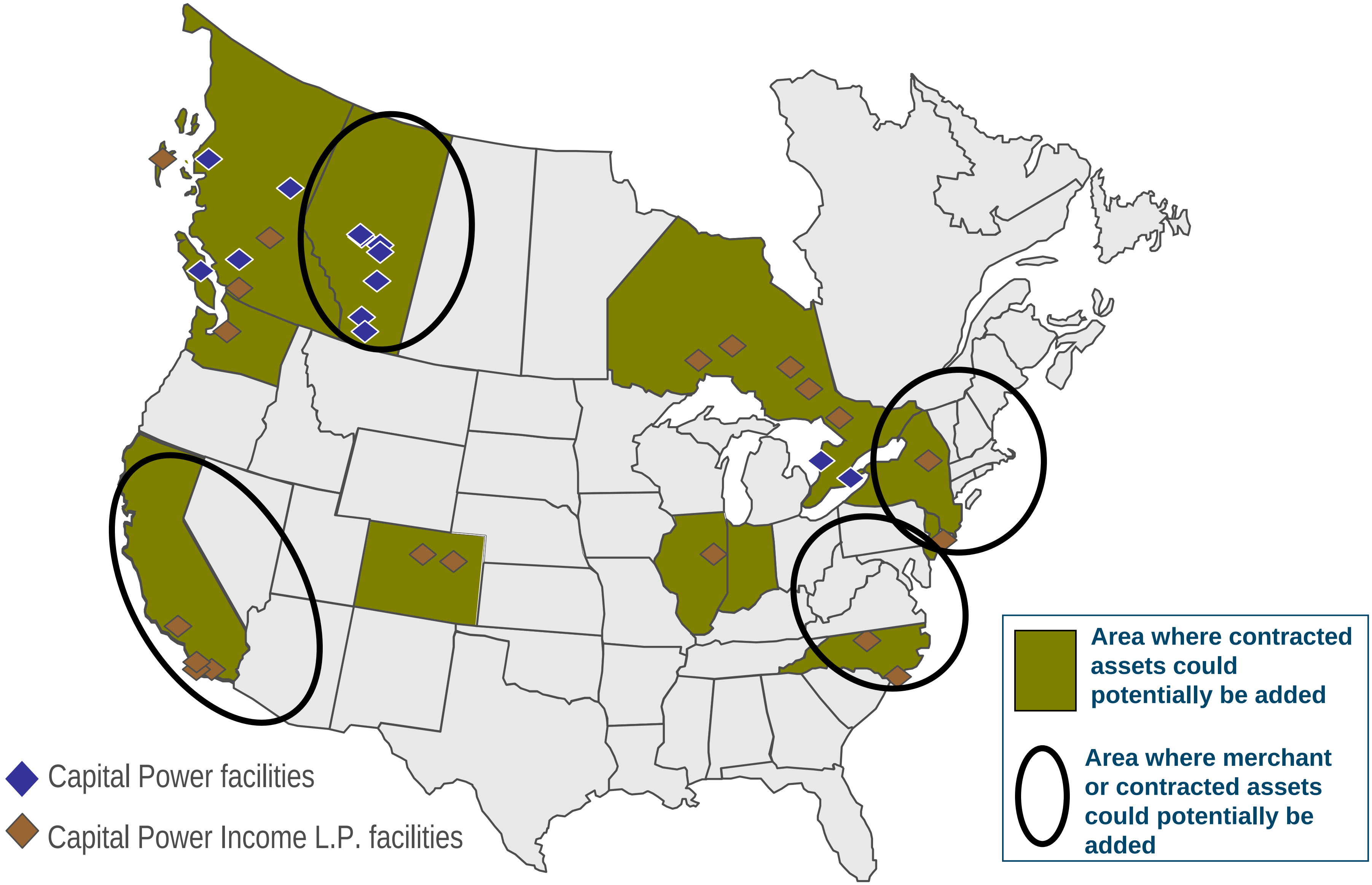
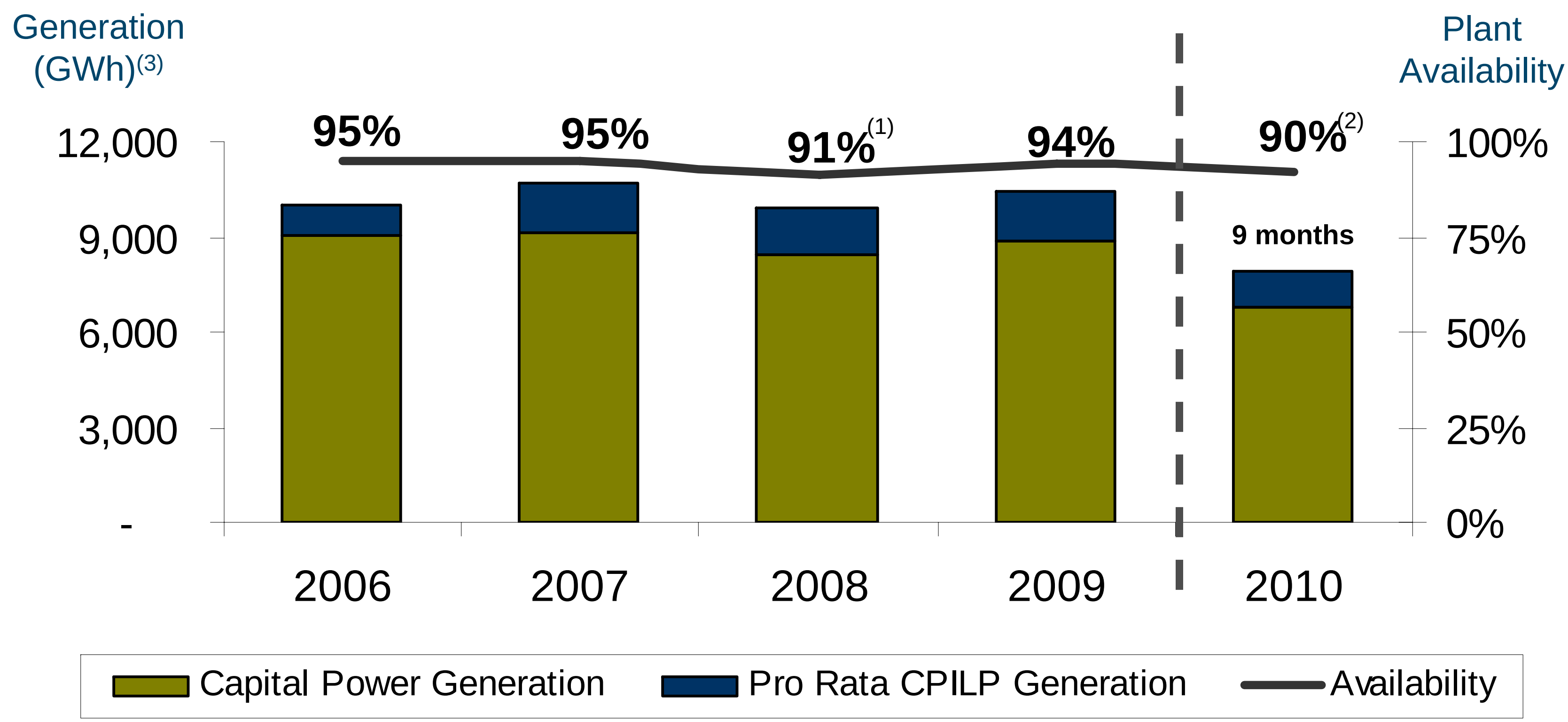


Strong operating history, fleet availability

Proven 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) Plant availability and Generation volume for 9 months ended Sep 30/10
(3) Pro-rata CPILP Generation ownership of 30.6% in 2006-2008, 30.5% in 2009, and 29.8% as of Sep 30/10

Alberta power market

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- 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 related activities not supplied through onsite cogeneration facilities
- Current reserve margin of ~13%; forecast 9%-15% over the next 5 years
- Generally considered one of the first North American markets to need capacity

Hedging AB spot power price exposure

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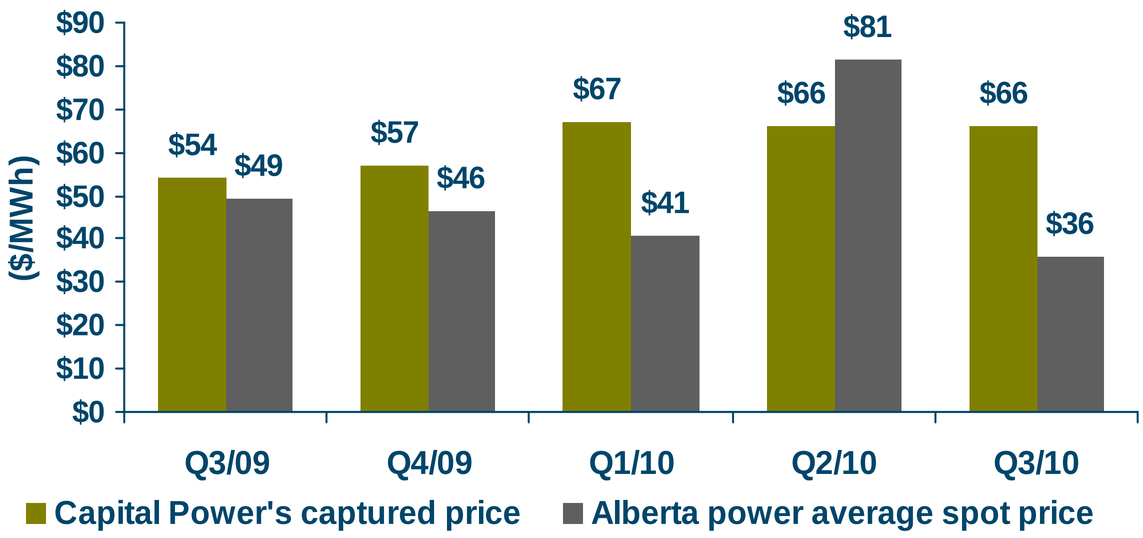
Alberta commercial portfolio

- Risk management targets 70%+ hedged position entering into a year
- Risk management policy framework in place
- Hedging positions based primarily on generation from G3 base load coal plant and output from the Sundance PPA and will include Keephills 3 post COD in 2011



Actively trading throughout various time periods to create incremental value in portfolio optimization

Financial strength with access to capital(1)

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- Strong balance sheet with BBB investment grade credit rating (S&P/DBRS)
  - $1.2B in credit facilities, of which $0.7B available
  - Net debt / total capitalization of ~35% (non-consolidated basis)
  - Consolidated assets of ~$5.0B with only ~$1.7B in long-term debt
- Continuous access to capital essential to sustainable growth and to increase shareholder value
  - Maintain solid investment grade credit ratings
  - Access to competitive cost of capital to fund growth
  - Financial flexibility to capitalize on opportunities
  - Significant differentiator from many U.S. IPPs
- Filed base shelf prospectus enabling the Company to fund growth through the issuance of up to $1B in equity and $1B in debt
  - Issued $300M 10-year MTN in Nov/10

(1) All figures as of Sep 30/10

Strong cash flow generation

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$M	(on a de-consolidated basis)
~$255[1]	FFO excluding non-controlling interests in CPILP
~($100)	Less: dividends
~($30 - $40)	Less: avg maintenance capex (excluding CPILP)
~($10)	Less: other capex
~$105 - $115	**Discretionary cash flow**

- Generating significant discretionary cash flow net of dividends and maintenance capex
  - Despite trough market conditions
  - In advance of future substantial cash flows when Keephills 3 comes on line in Q2/11

(1) 12 months ended Sep 30/10, See Non-GAAP financial measures on slides 18-20

Financial performance – Sep 30/10 YTD

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($M, except earnings per share)	Q3/10	Q2/10	Q1/10	**YTD/10**
Revenues	$508	$313	$499	**$1,320**
Gross margin[1,2]	$209	$174	$210	**$593**
Operating margin[1,2]	$156	$109	$161	**$426**
Net income (loss)	$7	$(8)	$13	**$12**
Earnings (loss) per share	$0.32	$(0.37)	$0.60	**$0.55**
Earnings per share (normalized)[2]	$0.55	$0.05	$0.55	**$1.15**
Funds from operations[2]	$106	$53	$112	**$271**
Funds from operations excluding non-controlling interests in CPILP[2]	$86	$34	$87	**$207**

(1) Before unrealized fair value changes in derivative instruments and natural gas inventory held for trading. Fair Value changes include $20M gain in Q3, $54M loss in Q2, $6M gain in Q1 and $28M loss YTD

(2) See Non-GAAP financial measures on slides 18-20

Solid platform for sustainable growth

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- Consistent access to growth capital throughout business cycle
- Minimum 50% contracted cash flow target provides solid platform
  - investment grade credit rating
  - attractive dividend
- Significant growth through acquisitions and development
- Maintain discipline on:
  - Geography
  - Size
  - Fuel type
  - Economics
    - Minimum unlevered, after-tax IRR of 11% for uncontracted / merchant assets and 9% for contracted assets

2010 growth announcements

	Acquisitions	Contracted Development	
	Island Generation	**Quality Wind**	**Port Dover & Nanticoke**
Location	Campbell River, BC	Tumbler Ridge, BC	Norfolk & Haldimand, ON
Fuel Type	Natural Gas	Wind	Wind
Size	275 MW	142 MW	105 MW
Costs	~$207M	~$455M	~$340M
COD	2002	Before end of 2012	Q4, 2012
Capacity Factor	~90% (3 year historical average availability factor)	Expected ~35% (5 year wind study)	Expected ~35% (3 year wind study)
Contract & Counterparty	12-year (remaining) EPA (BC Hydro)	25-year EPA (BC Hydro)	20-year PPA, $135/MWh (Ontario Power Authority)
Status	Transaction closed Oct/10	Construction activities started, EPC contracts in place	Awaiting completion of Ontario's Renewable Energy Approval process

Investment of over $1B into operating and development assets with long-term contracted cash flows

Keephills 3 project update

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- 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)
- On schedule to commence operations in Q2/11

Execution of growth strategy

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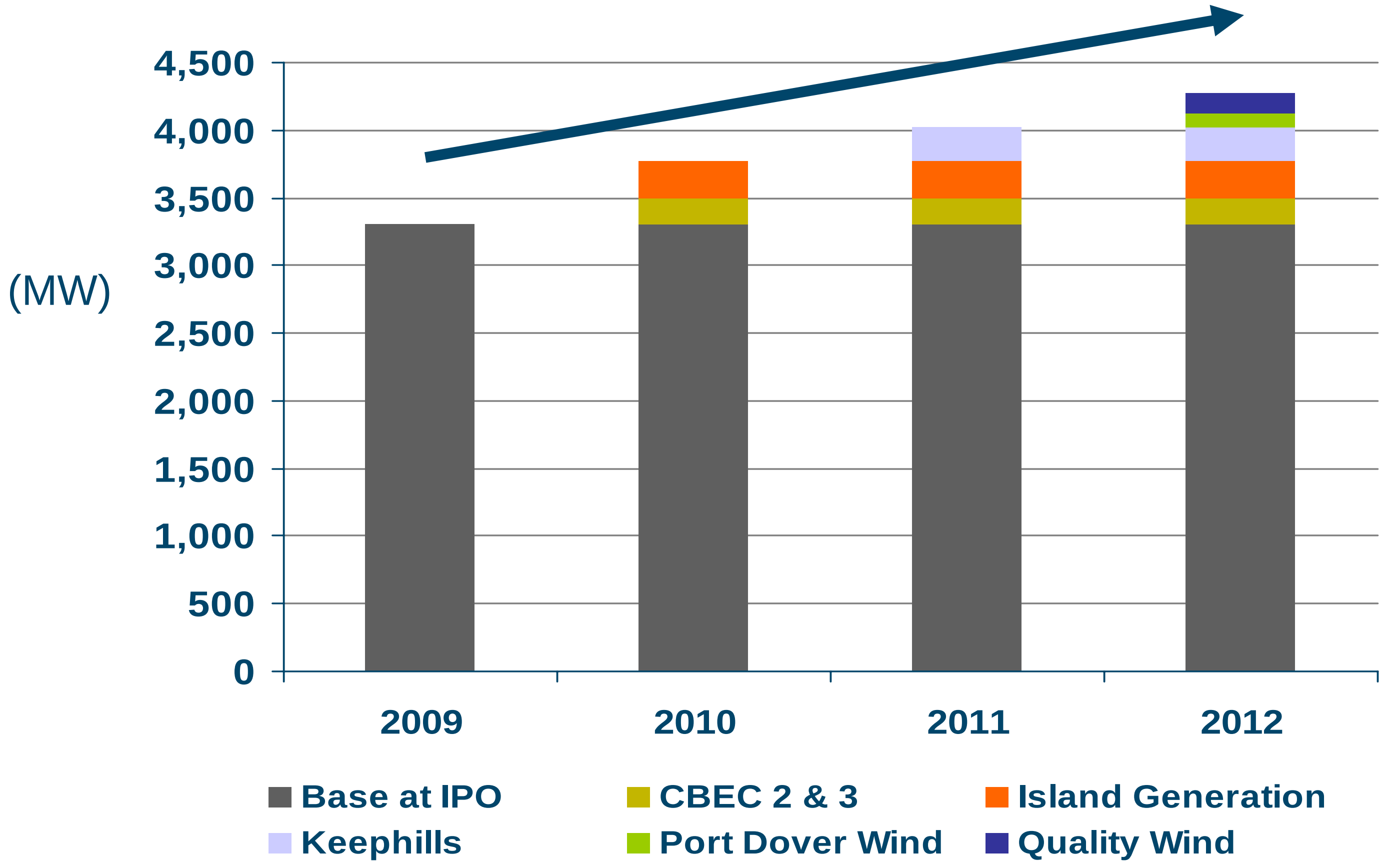
Confirmed capacity growth



Since Capital Power's IPO launch in mid-2009, 970 MW of new capacity has been added or placed into development

Investment highlights summary

- Large, high quality generation portfolio
- Modern fleet with proven operating history
- Diversified portfolio in attractive North American markets
- Long-term contracts & merchant position provides stable cash flows & upside opportunities
- Financial strength with access to capital
- Solid platform for growth

Non-GAAP financial measures

The Company uses (i) gross margin, (ii) operating margin, (iii) funds from operations, (iv) funds from operations excluding non-controlling interests in CPILP and (v) normalized net income and (vi) normalized earnings per share as financial performance measures. These terms are not defined financial measures according to Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP, and therefore may not be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with Canadian GAAP. Rather, these measures are provided to complement Canadian GAAP measures in the analysis of the Company's results of operations from management's perspective.

Gross margin and operating margin

Capital Power uses gross margin and operating margin to measure the operating performance of plants and groups of plants from period to period. A reconciliation of gross margin and operating margin to net income is as follows:

(unaudited, $millions)	Three months ended		Nine months ended	
	Sept 30, 2010	Sept 30, 2009	Sept 30, 2010	Sept 30, 2009
Revenues	$ 508	$ 511	$ 1,320	$1,661
Energy purchases and fuel	279	293	755	994
Gross margin	**229**	**218**	**565**	**667**
Operations, maintenance, direct administration and property taxes	53	49	167	166
Operating margin	**176**	**169**	**398**	**501**
Indirect administration	38	27	95	96
Depreciation, amortization and asset retirement accretion	48	44	146	135
Foreign exchange losses	1	3	-	5
Gain on sale of power syndicate agreement	-	-	(28)	(30)
Net financing expenses	25	17	62	60
Income taxes (recovery)	17	(2)	10	1
Non-controlling interests				
- CPLP	30	44	79	159
- CPILP	7	20	12	26
- Preferred share dividends paid by CPI Preferred Equity Ltd.[(1)]	3	2	10	5
Net income	**$ 7**	**$ 14**	**$ 12**	**$ 44**

Non-GAAP financial measures (cont'd)

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Management considers operating margin to be representative of plant performance as it excludes corporate administration and business development expenses (indirect administration). The presentation of the pro forma consolidated information for the nine months ended September 30, 2009 conforms to the presentation adopted for the nine months ended September 30, 2010.

Funds from operations and funds from operations excluding non-controlling interests in CPILP

Capital Power uses funds from operations to measure the Company's ability to generate funds from current operations. Funds from operations are cash provided by operating activities excluding changes in working capital. Changes in working capital are impacted by the timing of cash receipts and payments and are not comparable from period to period. Therefore, the Company uses funds from operations as its primary operating cash flow measure. The Company measures its interest in cash flows by excluding the non-controlling interest in CPILP's cash flows. A reconciliation of (i) funds from operations and (ii) funds from operations excluding non-controlling interests in CPILP, to cash provided by operating activities is as follows:

(unaudited, $millions)	Three months ended				
	Sept 30, 2010	June 30, 2010	March 31, 2010	Dec 31, 2009	Sept 30, 2009
Funds from operations excluding non-controlling interests in CPILP	**$ 86**	**$ 34**	**$ 87**	**$ 49**	**$ 70**
Funds from operations due to non-controlling interests in CPILP	20	19	25	22	23
Funds from operations	106	53	112	71	93
Change in non-cash operating working capital	20	(22)	18	50	(40)
Cash provided by operating activities	**$ 126**	**$ 31**	**$ 130**	**$ 121**	**$ 53**

Non-GAAP financial measures (cont'd)

Capital Power Corporation

Normalized net income and normalized earnings per share

The Company uses normalized earnings per share to measure performance by period on a comparable basis. Normalized earnings per share is based on net income according to Canadian GAAP adjusted for items that are not reflective of performance in the period such as fair value changes, impairments, unusual tax adjustments and gains or losses on disposal of assets or on unusual contracts. A reconciliation of net income (loss) to normalized net income, and earnings per share to normalized earnings per share is as follows:

(unaudited, $millions except earnings (loss) per share)	Three months ended				
	Sept 30, 2010	June 30, 2010	March 31, 2010	Dec 31, 2009	Sept 30, 2009
Earnings (loss) per share	**$ 0.32**	**$ (0.37)**	**$ 0.60**	**$ 0.33**	**0.64**
Net income (loss)	**7**	**(8)**	**13**	**7**	**14**
Adjustments					
Unrealized changes in fair value of CPLP's derivative instruments and natural gas held for trading	(1)	7	-	(5)	(3)
Unrealized changes in fair value of CPILP's derivative instruments	-	1	-	(1)	(1)
Venture capital investment write-down	-	-	-	1	-
Obligation to EPCOR for Rossdale plant	2	-	-	-	-
Income tax adjustments	4	1	(1)	2	(1)
	5	9	(1)	(3)	(5)
Normalized net income	**12**	**1**	**12**	**4**	**9**
Normalized earnings per share	**$ 0.55**	**$ 0.05**	**$ 0.55**	**$ 0.18**	**$ 0.42**

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) expectations regarding the review of strategic alternatives for CPILP, its potential outcome, and the intention of Capital Power to support the review of strategic alternatives but not participate as a prospective buyer if a sale were to occur; (ii) expectations regarding the timing of the CPILP strategic review process and that during the review process CPILP will continue its business as usual, provide the same amount of monthly distributions to its unitholders and maintain the same proposition it offers today; (iii) Capital Power's intention to continue managing CPILP assets and seek growth opportunities that fit CPILP's strategy; (iv) expectations for the Company's and CPILP's sources of capital and use and availability of committed bank credit facilities and potential future borrowings; (v) the Company's and CPILP's cash requirements for 2010, including capital expenditures, distributions and dividends; (vi) 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%; (vii) expectations regarding future financial strength and access to and terms of future financings; (viii) expectations regarding amount and timing of operating margin and cash provided by operating activities from Island Generation; (ix) expectations that Island Generation will be modestly and immediately accretive to earnings and cash flow; (x) expectations regarding the timing of filing and settlement of the business interruption claim for the outage of Clover Bar Energy Centre Unit 2; (xi) expectations regarding the amount and the ability to fully recover the lost income through the business interruption claim as a result of the inability to dispatch Unit 2 during the outage; (xii) expectations regarding timing of spending on Keephills 3; (xiii) expected total capital project costs as well as expected project completion dates; (xiv) expected timing and maintenance cost impact of the Genesee 3 scheduled maintenance outage and the Company's ability to rely on the Clover Bar Energy Centre units during the outage; (xv) expectations regarding ability to meet the plant availability target in 2010 in light of issues with Clover Bar Energy Centre Unit 2; (xvi) expectations about future income; (xvii) expected impacts of transition to IFRS, including potential early adoption of new accounting standards and expected IFRS project review completion dates and timing of presenting quantification of impacts to the Audit Committee; (xviii) expectations regarding the impact of delays in the finalization of new PPAs for the North Carolina facilities on CPILP's earnings and cash flows, and the timing of the NCUC's decision following arbitration relating to new PPAs; (xix) expectations regarding the Company's obligation and amount of the costs for ongoing operations and maintenance of EPCOR's Rossdale plant and assets; (xx) 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; (xxi) 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; (xxii) expectations regarding the timing of the draft and final GHG regulations and the GHG regulations being brought into force; (xxiii) impact of proposed federal GHG emission regulations on SGER and consequential impact on the Company's Alberta facilities; (xxiv) expectations regarding the expiry or extension of the SGER; (xxv) expectations regarding BC Hydro's responsibility for the fuel supply to the Island Generation Facility; and (xxvi) expectations regarding financing of the Island Generation acquisition.

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 and dispatch, including Sundance which is subject to an acquired PPA; (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) currently applicable and

Forward-looking information (cont'd)

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; (xvi) ability to successfully integrate and realize benefits of its acquisitions including Island Generation; (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; and (xxii) accounting treatment for Island Generation.

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 including Island Generation; 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.

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 expected timing of the completion of the material handling improvements at CPILP's Southport plant has been revised from the third quarter of 2010 to the end of 2010; (iii) a change in the expected timing of the quantification of the impact of IAS 36, from the third quarter of 2010 to by the end of 2010; (iv) the expected timing of the replacement of standard IAS 31 has been revised from the third quarter of 2010 to the fourth quarter of 2010; and (v) a change in the expected timing of the preparation of IFRS information for the investor analysts from the third quarter of 2010 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.

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