Capital Power Corporation

Analyst Conference Call
August 3, 2010
- Q2, 2010 Review
- Acquisition of Island Generation facility

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Cautionary statement regarding forward-looking information

Certain information in this presentation and in responses to questions during this conference call 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 23-25 of this presentation, 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.

Corporate updates

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Financial

- Q2/10 performance below management's expectations
- Commodity optimization strategies that led to strong contributions in Q1/10 underperformed in Q2
  - Fewer trading opportunities in the import and export power markets due to lower price spreads between markets and less price volatility
- Performance in H1/10 tracking close to plan - outlook for the year unchanged from earlier guidance

Wind projects

- Vestas selected for the supply and maintenance of wind turbines for Port Dover & Nanticoke Wind development project, Quality Wind project and the proposed Kingsbridge II project in Ontario
- Environmental Assessment Certificate for the Quality Wind Project received from the Government of BC in Jul/10

Acquisition of Island Generation facility

- 275 MW gas-fired facility near Campbell River on Vancouver Island

Corporate updates (cont'd)

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Proposed GHG emission regulations for coal-fired plants

- In June, Government of Canada announced their plan for new greenhouse gas (GHG) emission regulation for coal-fired electricity generation units
- Proposed plan will apply a new GHG emissions performance standard to new coal-fired electricity generation units
- New performance standards likely to be similar to natural gas combined cycle units
- Economic life expected to be set at 45 years with some exceptions
- No additional charge for GHG emissions expected; not clear whether the proposed federal GHG emissions regulations will replace the AB Specified Gas Emitters Regulations (SGER)

Proposed regulations provide some certainty and expected to be favourable to Capital Power's Genesee units and Keephills 3

Q2/10 Operating performance

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	Plant Availability	Generation (GWh)
Alberta commercial plants		
Genesee 3	96%	432
Joffre	84%	93
Clover Bar Energy Centre	52%	102
Taylor Coulee Chute	90%	3
Clover Bar Landfill Gas	96%	10
Weather Dancer	-	-
	76%	640
Alberta contracted plants		
Genesee 1	100%	780
Genesee 2	75%	571
	87%	1,351
Ontario and BC contracted plants		
Kingsbridge 1	100%	22
Miller Creek	96%	35
Brown Lake	99%	11
	98%	68
Average excluding CPILP plants	83%	2,059
Capital Power Income L.P. plants	90%	1,128
Average all plants	**86%**	**3,187**

Genesee 2

- G2 experienced 21-day outage

Clover Bar Energy Centre

- Unit 2 offline all of Q2; expected to be back online in Sep/10
- Unit 3 offline for 15 days due to an equipment issue

Joffre

- Dispatched more in Q2 compared to Q1/10 and Q2/09, as a result of higher power prices

Keephills 3 construction project update

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- Construction remains on target to revised project cost forecast and on schedule to commence operations in Q2/11
- Hydro tests on feed water and re-heater systems, and the boiler successfully completed in April achieving a major project milestone
- Commissioning activities taking place on the boiler, turbine and electrical systems

Q2/10 financial summary

- All three units at Genesee affected by direction to curtail generation to accommodate transmission system upgrades that contributed to:
  - Spikes in AB power prices
  - Foregone availability incentive revenues at Genesee 1 and 2
  - Trading activity undertaken to manage our AB portfolio position
- Curtailments reduced Q2/10 operating margin by ~$2M from expectations
- Genesee 2 outage
  - $12M in availability penalties for scheduled outage, $6M higher than expected due to higher power prices (based on 30-day rolling average)
  - $13M in maintenance cost for outage
- Lower operating margins from portfolio optimization and other portfolio activities
- Additional depreciation of $2.4M for early retirement of IT asset

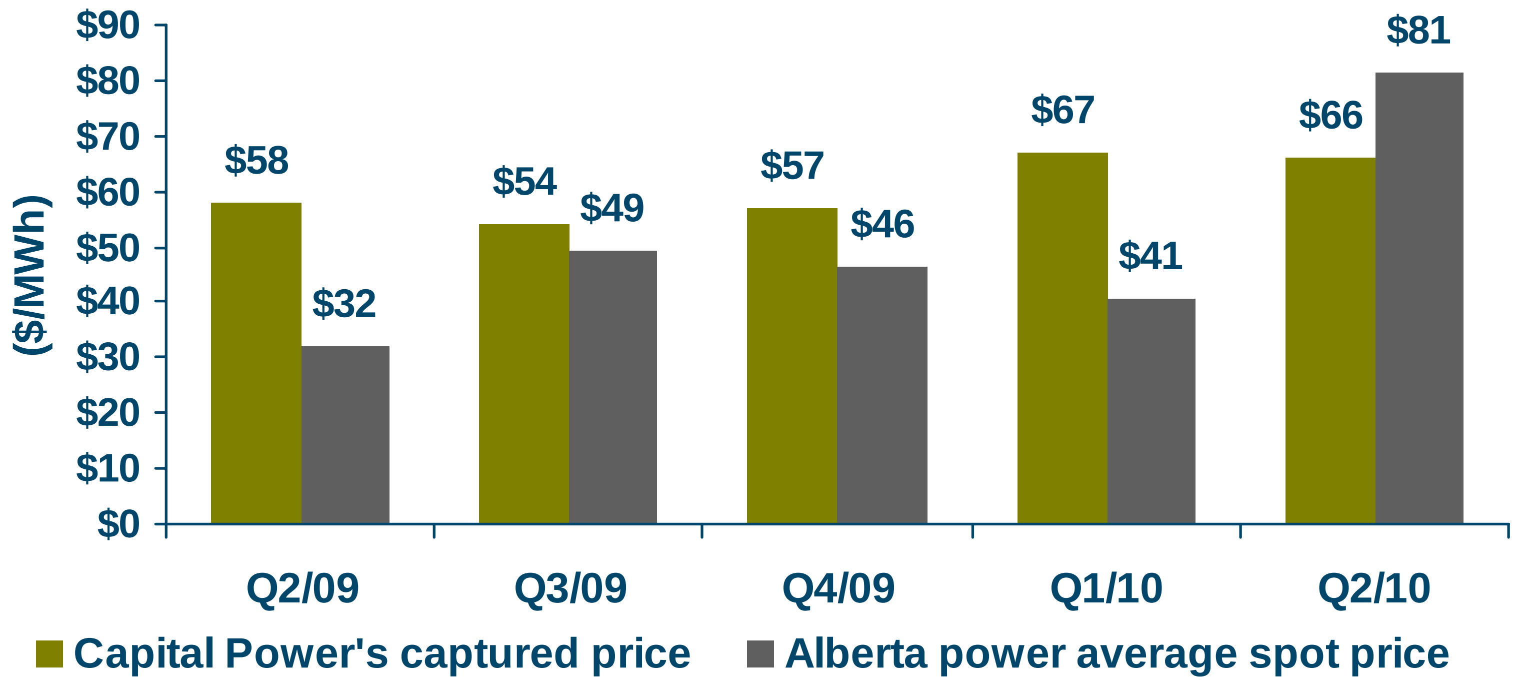
Financial performance

($M, except earnings per share)	**Q2/10**	Q1/10	Q4/09	Q3/09	Total
Revenues	**$313**	$499	$497	$511	$1,820
Gross margin[1,2]	**$174**	$210	$182	$189	$755
Operating margin[1,2]	**$109**	$161	$120	$140	$530
Net income (loss)	**$(8)**	$13	$7	$14	$26
Earnings (loss) per share	**$(0.37)**	$0.60	$0.33	$0.64	$1.20
Earnings per share (normalized)[2]	**$0.05**	$0.55	$0.18	$0.42	$1.20
Funds from operations[2]	**$53**	$112	$71	$93	$329
Funds from operations excluding non-controlling interests in CPILP[2]	**$34**	$87	$49	$70	$240

(1) Before unrealized fair value changes in derivative instruments and natural gas inventory held for trading.
(2) See Non-GAAP financial measures on slides 20-22.

Alberta power prices

- Alberta spot power prices were volatile in Q2/10 and averaged $81/MWh, up 99% from Q1/10 and 151% from Q2/09
- Increase due to generation curtailments at all 3 units at Genesee to accommodate transmission system upgrades, Genesee 2 scheduled outage, and other plant de-rates on the Alberta electric system
- Company's captured power price(1) was $66/MWh in Q2/10



(1) Captured power price represents the price realized on the Company's Alberta commercial contracted sales and portfolio optimization activities.

Financial updates

- Two base shelf prospectuses filed in April, positioning the Company to fund growth plans through the issuance of up to $1B in equity and $1B in debt
- Refinanced $245M in debt repayments to EPCOR in Jun/10 through drawdown on credit facilities
- At end of Q2/10, debt-to-total capitalization ratio(1) was 34% (below 40-50% target)
- Entered into two $100M forward bond sale transactions to hedge a portion of the exposure to interest rate risk on potential future borrowings; forward contracts expire Mar/11

(1) Debt-to-total capitalization ratio calculated on a non-consolidated basis excluding Capital Power Income L.P.

2010 financial outlook

- Although Q2 results were below expectations, 2010 outlook unchanged from outlook disclosed at 2009 year-end due to strong Q1 results
- Genesee 3 outage scheduled in Q4 with an expected operating expense of ~$7M and lower operating margin for the facility
- For balance of 2010, no requirements for further curtailments have been published
- Total plant availability (excluding CPILP plants) estimated at 90% for the year, primarily due to the issues with the Units at Clover Bar Energy Centre
- Clover Bar Unit 2 expected to be back online in Sep/10
  - Outage may impact expected benefits of having all 3 units available
  - Once Unit 2 back online, pursue business interruption insurance claim
- Capex (excluding CPILP and acquisitions) of ~$172M in H2/10 and ~$361M for 2010
  - Includes addition of $60M for wind development projects and $10M reduction for Keephills 3 that was deferred to 2011

Review of 2010 corporate priorities

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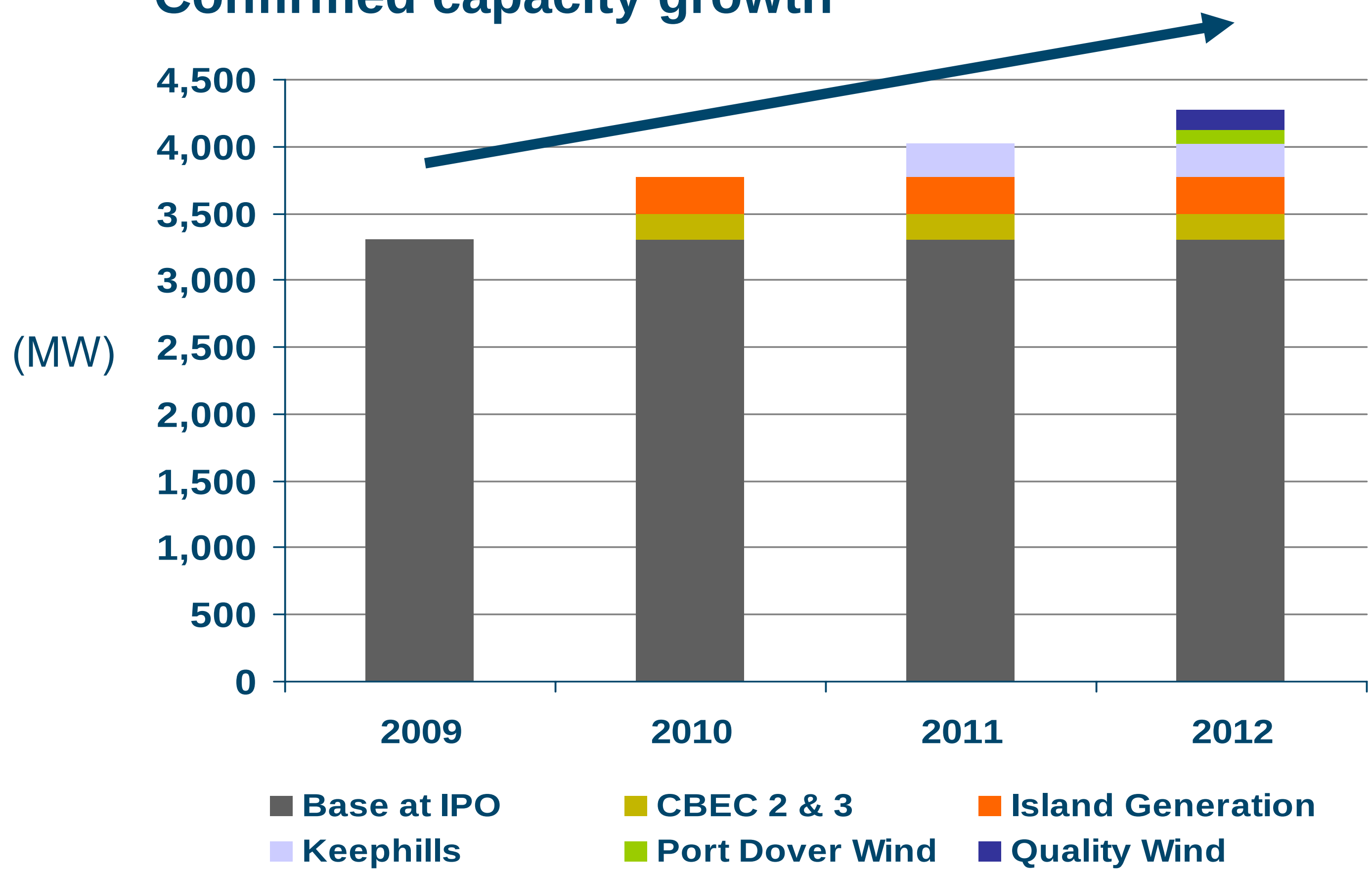
Priority	Status
Operational targets	
▪ Plant availability of ≥ 94%	90% expected due to issues with Clover Bar units
▪ Sustaining capex of $60M	On track
Construction / development objectives	
▪ CPC's share of final costs for Keephills 3 project at ≤ $955M with completion by Q2/11	On track
▪ Commit at least $500M to capital opportunities that meet or exceed our target rate of return	✓
Financial	
▪ 2010 normalized EPS expected to be roughly in line with 2009 EPS (annualized)	On track
▪ Refinance $245M of existing debt due in 2010	✓

Goal: Deliver total shareholder return greater than the average of peer group

Execution of growth strategy

Confirmed capacity growth



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

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Acquisition of Island Generation Facility

Transaction overview

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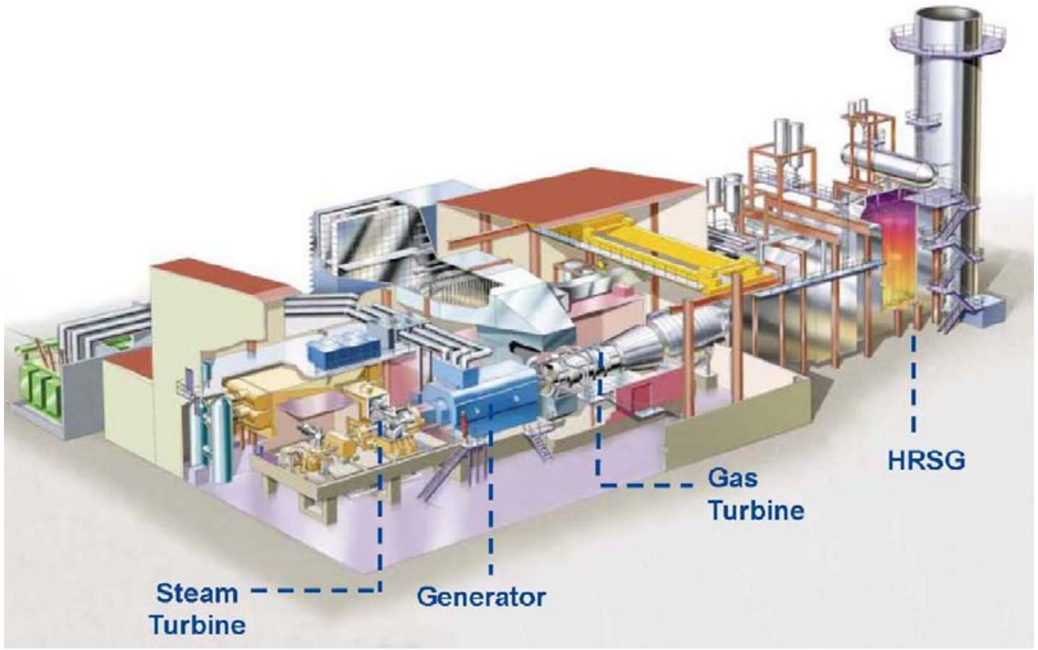
- Capital Power LP signed a Purchase & Sale Agreement with Kelson Canada Inc. to acquire the Island Generation facility for $207M (plus closing costs and working capital adjustments)
- Island Generation is fully-contracted (tolling arrangement) with BC Hydro until 2022
- Acquisition meets the minimum 9% hurdle rate (unlevered, after-tax) for contracted assets
- 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
- Transaction expected to close in Q4/10, subject to regulatory and other approvals
- Subject to market conditions, acquisition expected to be permanently financed with a combination of debt and equity

Island Generation facility

- 275 MW natural gas-fired combined cycle power facility
- Located on Vancouver Island, BC; approximately 200 km NW of Vancouver
- Commenced commercial operation in Apr 2002
  - 8-year old plant consistent with Capital Power's fleet of young assets
- Facility operates an Alstom GT24B gas turbine and an Alstom steam turbine
- O&M agreement with NAES Canada, Ltd., a wholly-owned subsidiary of NAES Corporation



Description of PPA and power market

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- Strong investment grade counterparty (BC Hydro rated “AAA” by S&P)
- 12-year term Electricity Purchase Arrangement (Apr/10 - Apr/22)
  - Tolling arrangement - BC Hydro delivers all fuel required to operate the facility and obligated to pay for all power generated or deemed to have been made available
- Attractive power market on Vancouver Island
  - Island Generation facility is the single largest plant operating on Vancouver Island
  - Current generation capacity is ~750 MW; BC Hydro’s demand forecast projects ~2,400 MW of peak demand for Vancouver Island
  - Load growth expected to outpace new generation additions
  - Island Generation is an important reliable resource at peak demand periods and during transmission outages

Island Generation acquisition highlights

- Transaction meets minimum 9% hurdle rate (unlevered, after-tax) for contracted assets
- Modestly and immediately accretive to earnings and more significantly accretive to cash flow
- 12-year long-term contract with strong investment grade counterparty, 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)
- Single largest plant operating in the attractive power market on Vancouver Island

Questions?

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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 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			
	June 30, 2010	March 31, 2010	Dec 31, 2009	Sept 30, 2009
Revenues excluding unrealized fair value changes	$ 387	$ 482	$ 474	$ 448
Energy purchases and fuel excluding unrealized fair value changes	213	272	292	259
Gross margin excluding unrealized fair value changes	**174**	**210**	**182**	**189**
Operations, maintenance direct administration and property taxes	65	49	62	49
Operating margin excluding unrealized fair value changes	**109**	**161**	**120**	**140**
Unrealized fair value losses (gains)	54	(6)	(34)	(29)
Indirect administration	31	26	37	27
Depreciation, amortization and asset retirement accretion	52	46	48	44
Foreign exchange losses (gains)	(2)	1	1	3
Gain on sale of power syndicate agreement	-	(28)	-	-
Net financing expenses	19	18	17	17
Income taxes (recovery)	(7)	-	12	(2)
Non-controlling interests	(30)	91	32	66
Net income (loss)	$ **(8)**	**$ 13**	**$ 7**	**$ 14**

(1) CPI Preferred Equity Ltd. is a subsidiary of CPILP.

Non-GAAP financial measures (cont'd)

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

Non-GAAP financial measures (cont'd)

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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. A reconciliation of net income (loss) to normalized net income, and earnings per share to normalized earnings per share is as follows:

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

(1) Unaudited pro forma consolidated information for the three and six months ended June 30, 2009 conforms to the presentation adopted for the three and six months ended June 30, 2010.

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 Rossdale 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; (xxxi) the expected timing of the closing of the purchase transaction for the Acquisition, and (xxxii) 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.