Capital Power Corporation Conference Call
First Quarter 2012 Results - April 30, 2012

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PRESENTATION

OPERATOR:
Welcome to Capital Power Corporation's conference call to discuss the first quarter 2012 results. At this time, all participants are in listen-only mode. Following the presentation we will conduct a question and answer session. Instructions will be provided at that time for you to queue up for questions. I would like to remind everyone that this conference call is being recorded on Monday, April 30, 2012 at 9:00 am Mountain Standard Time. I will now turn the call over to Randy Mah, Senior Manager Investor Relations. Please go ahead.

RANDY MAH:
Good morning and thank you for joining us today to review Capital Power's first quarter results. The financial results and the presentation slides for this conference call are posted on our website at www.capitalpower.com. Joining me on the call is Brian Vaasjo, President and CEO, and Stuart Lee, Senior Vice President and CFO. After our opening remarks, we will open up the lines to take your questions.

Before we begin, let me direct your attention to the cautionary statement regarding forward-looking information on slide 2. 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.

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 page 17 of this presentation and in the Company's First Quarter 2012 Management's Discussion and Analysis dated April 26, 2012, which has been filed on SEDAR.

In our presentation we will be referring to various non-GAAP financial measures as noted on slide 3. These measures are not defined financial measures according to GAAP and do not have standardized meanings described by GAAP and, therefore, may not be comparable to similar measures used by other enterprises. Reconciliations of these non-GAAP financial measures can be found in the First Quarter 2012 MD&A. I will now turn the call over to Brian for his remarks, starting on slide 4.

BRIAN VAASJO:
Thanks Randy, and good morning. Capital Power's first quarter results were highlighted by excellent operating performance with average plant availability of 97%. We achieved high availability in the mid-to-upper 90% range across the fleet with the exception of Genesee 3, which came back online in mid-January after a two month outage. The financial results in the first quarter were in line with our expectations, despite lower Alberta power prices, which averaged $60/MWh in the quarter. Normalized earnings per share of $0.46 cents were up 35% from the $0.34 cents per share in the first quarter 2011. We also produced a 14%

increase in cash flow per share to $1.19 in the quarter, compared to $1.04 per share a year ago.

On April 5th, EPCOR completed a secondary offering of Capital Power common shares. The offering increased Capital Power's public float by 9.8 million common shares, to approximately 69 million shares. EPCOR has now completed three secondary offerings and have reduced their economic ownership interest in Capital Power from 72% at the time of our IPO to the current 29% level. EPCOR intends to sell its remaining interest over time as its demand for capital requirements and market conditions permit.

Turning to slide 5, this slide shows the operating performance of our fleet with respect to plant availability for the first quarter of 2012 compared to 2011. In the first quarter, average availability was 97%, compared to 93% in the first quarter of 2011. As I mentioned, it was an excellent quarter of operating performance for all of our plants with the exception of Genesee 3, which returned to service in mid-January. This performance reflects the relatively young age of our fleet, our commitment to appropriate levels of maintenance, and the professionalism of our operating team. In addition, if you look at the operating performance of the six new plants that Capital Power has added to its fleet since the first quarter of last year, namely the three Northeast US plants, two North Carolina plants, and the Keephills 3 facility, the average plant availability of these additions was 97%, which speaks to the successful integration of these facilities. I'll now turn the call over to Stuart to discuss the financial highlights.

STUART LEE:
Thanks, Brian. I'll start on slide 7 with the summary of the financial highlights for the first quarter. Overall, financial results were in line with expectations, despite lower Alberta power prices that averaged $60/MWh in the first quarter. Revenues and other income, on a comparable basis to last year, were $366 million dollars, down 2.7% compared to the first quarter of 2011. Comparable EBITDA was up 93%, to $139 million dollars this year. The increase was largely driven by strong year-over-year performance from the Alberta commercial plants and portfolio optimization area, and contributions to the Northeast US commercial plants and portfolio optimization. Normalized earnings per share came in at $0.46 cents for the quarter, compared to $0.34 cents in the first quarter of 2011. Funds from operations, also on a comparable basis to last year, were $116 million dollars, up 40% compared to 2011. On a cash flow per share basis, we generated $1.19 in the first quarter, compared to $1.04 in the first quarter of 2011.

On slide 8, I'll review in more detail the main drivers for the higher EBITDA from the Alberta commercial plants and portfolio optimization area. This business category reported EBITDA of $87 million dollars in the first quarter, which was up 129% from the prior year. The increase is primarily driven by two components. First, the strong portfolio optimization performance benefitted from strategies to sell forward length at prices higher than the spot market compared to weak performance in the first quarter of 2011. The Alberta commercial portfolio achieved a realized price of $83 /MWh in the first quarter 2012, which exceeded the $60/MWh average Alberta spot price. The lower spot price was caused by warmer-than-expected weather across the region resulting in lower demand, healthy baseload supply, lower natural gas prices, and high output from wind generation. Second, Keephills 3, which began commercial operations September 2011, contributed to a full quarter of production.

Turning to slide 9, I'll provide an update on Alberta commercial portfolio hedge positions that reflects our baseload plants and Sundance PPA. For the last 9 months 2012, we are 73% hedged in average hedged price in the mid-$60/MWh range. There are no changes to our hedge positions in 2013 and 2014, compared to our 2011 year-end disclosure. For 2013, we continue to be 20% hedged, in the mid-$60/MWh range, and for 2014 we're 5% hedged in the low-$60/MWh range.

Turning to slide 10, I'll provide a quick update on our financing plans. In January, we launched a dividend reinvestment plan. The introduction of the plan has been very successful with an initial participation rate of 28% for the first quarter dividend, which exceeds our long-term participation rate expectation of 20 to 25%.

In February, we filed a Canadian based shelf prospectus that allows us to raise, in aggregate, up to $2 billion dollars in the sale of common shares, preferred shares, and subscription receipts that are exchangeable for common shares or other securities of the Company. On the debt side, we completed a $250 million dollar medium-term note issuance in February. The 7-year notes have a coupon rate of 4.85%. Based on our current expectations, no primary common share equity issuance is expected in 2012, other than the DRIP, assuming no further acquisitions.

On slide 11, I'll conclude my comments by providing an update on our outlook for 2012. Normalized earnings per share are now expected to be slightly under the low end of $1.50 to $1.70 dollar target range, based on a revised forecast of power prices and spark spreads. Our 2012 Alberta forward power prices assumption is now $68/MWh compared to our original forecast of $74/MWh. In the Northeast US, our three New England facilities are now expected to contribute $40 million dollars of EBITDA in 2012, which is $10 million dollars lower than the previous disclosure. The lower expectation is due to significantly lower power prices in the quarter, the result of warmer-than-expected weather, which reduced power demand in the winter period. Our revised full-year spark spreads have decreased approximately $2/MWh, compared to the original forecasts. With respect to our other financial measures: FFO, cash flow per share and dividend coverage ratio; these ratios are now expected to be near the low-end of the target ranges, which Brian will review shortly. I'll now turn the call back to Brian.

BRIAN VAASJO:
Thanks, Stuart. On the next three slides, starting on slide 13, I'll provide a status update on our 2012 corporate priorities. Our operational targets include average plant availability of 91% or greater, reflecting scheduled maintenance outages at Genesee 2 and 3. We have targeted plant maintenance CAPEX of approximately $108 million dollars and maintenance and operating expenses of approximately $215 to $235 million dollars. We are on track to meet the 2012 targets on all of these operational measures.

Turning to slide 14, which outlines our development and construction targets of our four wind projects. We are on track with the completion of Quality Wind and Halkirk Wind projects on time and on budget, with CODs in the fourth quarter of this year. For the other two wind projects in Ontario, Port Dover & Nanticoke and K2 Wind, our original target was to have full notice to proceed in 2012. This is still on track for Port Dover & Nanticoke, however full notice to proceed for K2 has been revised to 2013. Despite the delay date to receive full notice to proceed for K2, we do not expect any changes to the expected commercial operation date of 2014 or to the total project cost.

Finally, I'll review our financial targets on slide 15. Our original target for normalized earnings per share was $1.50 - $1.70, which was based on a $74/MWh average Alberta power price assumption. If the weaker-than-expected power prices continue through 2012, we would expect normalized earnings per share to be slightly under the low end of the target range.

The rest of our financial targets consist of funds from operations of $380 - $420 million dollars, cash flow of $3.90 - $4.30 per share, and a dividend coverage ratio of 2.2 - 2.6 times. Based on our current forecast, we expect to be near the low end of these target ranges. I'll now turn the call back to Randy.

RANDY MAH:
Thanks, Brian. Matthew, we're ready to start the question and answer session.

QUESTION AND ANSWER SESSION

OPERATOR:
Ok, perfect. So, ladies and gentlemen, if you have any questions please go ahead and hit '01' and we'll give everybody about 10 seconds to queue up. So, '01' now if you've got any questions. And, yeah, we've got quite a few questions. First question is from Linda Ezergailis of TD Securities. Please go ahead, Linda.

LINDA EZERGAILIS:
Thank you. Congratulations on a strong quarter. I appreciate also the update on your Alberta hedging activity on page 9 of your presentation. Can you give us a sense, though, of the seasonality of your hedges for balance of year 2012, specifically Q2?

STUART LEE:
So Linda, for specific periods we wouldn't disclose that for competitive reasons. We do try to give a full year indication of how our hedges lay out for the balance of the year but I don't think we want to be more specific than that.

LINDA EZERGAILIS:
Ok, well, maybe we can just take a look back to Q1 instead, it's clearly a very strong quarter, and it's not clear to me on your portfolio optimization how much of it might have been shorter-term financial trading-based or physical hedges that you had already going into the quarter?

STUART LEE:
Well, I think that, just to give a little bit of colour commentary on it. Obviously power prices took a fairly large spike for about a week in January. We were fortunate in that Genesee 3 had come back online at that point in time and we had good length to capture the upside in pricing and we had the opportunity earlier, also, to lock in some of February and March at higher prices than where the spots settled so we benefitted from selling forward, I think, at the right points in time through the quarter.

LINDA EZERGAILIS:
Oh, great. Great. And just a follow up question. With respect to this issue of transmission charges in Alberta; can you give us a sense of what the timing of ultimately resolving all of that back and forth might be, and what the potential impact on Capital Power might

be for a negative outcome in terms of both a one-time retroactive charge relating to the issue inception in 2006 and then, going forward, a run rate on an ongoing basis?

BRIAN VAASJO:
Linda, Brian here. Just in regards to the transmission issue: as you're aware, there's two phases to this. Phase one is complete and having found that the existing structure is not appropriate, it moves to Phase two, which will be a hearing by the AUB to determine an appropriate methodology. We wouldn't expect between the establishment of the process, going through the process, and ultimately a decision...we wouldn't expect that until next year. We wouldn't expect something to be determined this year.

In terms of the two components, looking firstly at the initial findings. Certainly, just the direction of them is that there has been, historically a bias towards, or a bias that has favoured our plants in the Wabamum area, or in northern Alberta. As such, we would expect the impact to be somewhat negative. Certainly can't determine it at this point in time because we don't know what would be the ultimate approach arrived at by the Commission.

The second part of your question in regards to the degree to which it may be retroactive. Generally speaking, regulatory authorities are pretty low to retroactively make adjustments to principals and charges, and so on. So, our expectation is likely it would not be retroactive. Again, that's pre-judging what a decision might be. But, our expectation would be that it wouldn't be.

LINDA EZERGAILIS:
Great, I appreciate the color. Thank you.

OPERATOR:
Ok, our next question is from Juan Plessis of Canaccord Genuity. Please go ahead, Juan.

JUAN PLESSIS:
Great, thanks very much. As you've highlighted, you've increased your Alberta hedge position quite significantly in the first quarter, up to 73%. Do you expect to further increase your 2012 hedge position or are you comfortable at 73%?

STUART LEE:
So, Juan, it'll really depend on how the market evolves over the balance of the year. It depends on where forward prices move and our view of the market and in any particular point in time. So, as you'll note, forward prices in the province are currently kind of in the high-$60/MWh range but it varies quite significantly between quarters and so as a result our position changes between the various quarters for the balance of the year. And we would expect as the market continues to evolve through the balance of the year that our position will continue to evolve with it.

JUAN PLESSIS:
Ok, thanks for that. Now, going in to 2013, are you now less optimistic on the outlook for Alberta power prices and would you like to have a similar proportion of your merchant production hedged going into 2013 as you do now?

STUART LEE:
As we look forward to 2013, again one of the challenges is just around liquidity. And so there hasn't been a lot of liquidity yet for the 2013 period. As we see improvement in liquidity and ability to trade in the market we will step in. We do like the fundamentals in the Alberta marketplace with no significant supply coming into the marketplace, and demand and supply continuing to be tight and so we're confident that we'll be well positioned in this marketplace as we move into 2013 and 14. But, as we've always stated, we do take a view on open positions and we do like to come into current year 50%+ hedged to reduce overall risk. And so, we would expect, as we come through 2012, to see our 2013 position move up as far as our hedged but it's probably not going to be a lot different than what we saw coming into this year, where we still maintained a relatively open position through the end of this year. Relative to if you go back 3 or 4 years you may have seen us come into the current year almost 100% hedged.

JUAN PLESSIS:
Right. Thanks...thank you for that. Now, with respect to the Northeast side, you had, I believe, 46% of your Northeast production hedged in the first quarter. How much do you have hedged for the remainder of the year? And, maybe, you can tell us the pricing?

STUART LEE:
So, similar hedges for the balance of the year. And, really, what we're hedging in is just not power prices but also, basically, natural gas so that you end up with a spark spread hedge and so their spark spread hedges are in the money; they are above where the current forwards are for spark spreads for the balance of this year.

JUAN PLESSIS:
Ok, and do you see opportunities to increase that hedge position in that market?

STUART LEE:
Very good liquidity in that market so, obviously, there's opportunities to do that. If we look at the forwards in the New England marketplace they reflect what was an extremely warm winter and, therefore, they've somewhat depressed and our view is that there’s likely a little bit of upside in the New England market from where forwards are at today.

JUAN PLESSIS:
Ok, thank you very much.

OPERATOR:
Ok, our next question is from Robert Kwan of RBC Capital Markets. Please go ahead, Robert.

ROBERT KWAN:
Good morning. Stuart, you mentioned just on the quarter, and I think it was Linda's question. It sounded like a lot of the result was physical and you guys captured the spike and locked in for February and March. Just wondering how much there was, the pure trading impact?

STUART LEE:
So, for the most part, Robert, I think we've talked before on the phone, that we don't take large speculative positions for the most part. Really, the desk is looking to optimize the asset position and the length that we have, which they effectively did in the quarter. But, as I’ve tried to articulate in the previous quarters there's not a real, what I'd refer to as a pure trading aspect. We do take some positions but relatively modest.

ROBERT KWAN:
Ok. And, and then I guess, as you look at what is going on in the power market right now. And, it looks like Clover Bar is running pretty much full out, all your baseload is on so, can you talk about directionally what, or some color as to what, you know, kind of the thought process is there? You know, it certainly seems like you're suppressing the price. Is that to support, kind of what you have on the trading side?

STUART LEE:
I think we've been fairly clear on the market that Clover Bar is a unit that we run to optimize our portfolio and depending on how it's being operated you can read into that what you would.

ROBERT KWAN:
Ok, and maybe just to build on that. Taking a step back, so your guidance is down, certainly New England’s a factor. And you're talking about prices being down but, based on that last little bit about Clover Bar, you're partly in there suppressing the price and, so, presumably this is a profit-maximizing activity. So I'm kind of wondering, from the Alberta perspective, why you're seeing downside here?

STUART LEE:
Why we're seeing downside in the, you know...

ROBERT KWAN:
Well, you know, downside in the number. You know, I understand that you have a lower power price outlook but it's clear, at least right now, that you've got some sort of portfolio position. Your profit maximizing by suppressing the price, i.e. pushing it down.

STUART LEE:
Correct. And, sorry, you're asking why our full year guidance has come off?

ROBERT KWAN:
Well, I'm just wondering if there's something else other than just Alberta and the New England side?

STUART LEE:
The primary drivers of the change are related to power prices in both those markets.

ROBERT KWAN:
Ok. Thank you very much.

OPERATOR:
Perfect. So our next question is from Matthew Akman of Scotia Bank. Please go ahead, Matthew.

MATTHEW AKMAN:
Thanks guys. I guess just on the Clover Bar. Conversely, it hardly ran in the first quarter but was available almost all of the time. Is that just a decision on maximizing your book, kind of, short term or is there something else going on there?

STUART LEE:
No, that's accurate. Again, we had very good availability for the unit through the quarter and so it was a decision to balance out the portfolio appropriately.

MATTHEW AKMAN:
Ok, but there's nothing going on there operationally?

STUART LEE:
No, it continues to operate very well when it's called upon, as we're seeing in Q2.

MATTHEW AKMAN:

Ok. I guess, just bigger picture on the Alberta power market. What is your view, I guess, on why prices have come off, especially in light of so much plant outages this year? TransAlta...you guys had a couple of outages at Genesee. There's a lot of capacity offline and yet the price has gone down? What's your view on what's driving that? I mean, apart from weather in Q1 but I'm talking about more forward.

BRIAN VAASJO:
Well, certainly...Brian Vaasjo here, Matthew. Certainly, if you go back to the time period when we're looking at power prices of $74 and also, generally, the forwards were higher than they are today. The expectation around natural gas would be that there would be a bit of a higher realized price. And, certainly, with the warm conditions through the winter, basically throughout Canada and the northern US has resulted in a significantly reduced natural gas prices from peoples' general expectations. So, that's resulted in a modest decline in power price expectations in Alberta.

Other than that, some of it also can be just a matter of sentiment. As you watch power prices, they tend to be significantly influenced by the power prices of the day and, certainly, as you go through a period of lower actual power prices, that seems to have an impact of reducing the forward curve. Likewise, if you see very high power prices caused by spikes of outages and unplanned outages that happen at the same point in time, you generally can watch the forward curve drift up slightly. So, I think there's a bit of that sentiment in the market as well, relating to just the current prices having an impact on the forward view.

MATTHEW AKMAN:
Ok, thanks. Those were my questions.

OPERATOR:
Ok, our next question is from Ben Pham from BMO Capital Markets. Please go ahead, Ben.

BEN PHAM:
Ok, thanks very much. Just going back to New England and the revised EBITDA guidance there. What percentage of that EBITDA is capacity based payments and, also, can you remind me the O&M cost increase that is being baked in there? Is that still $4 million dollars or so?

STUART LEE:
So, on the capacity payment, typically they produce about 40-45% of the overall EBITDA for those facilities. And, with respect to additional O&M, yeah, it is in that range, Ben, and I think over time we would expect to see that coming back closer to the overall model that we had originated back when we purchased the assets.

BEN PHAM:
Ok, so is that $60 to $70 million dollars in EBITDA?

STUART LEE:
I'd have to go back and check.

BEN PHAM:
Ok.

STUART LEE:
$60 to $70 million dollars of what, specifically?

BEN PHAM:
Ok. And then, on New England then. Is the sense that, I think you talked about this at your Investor Day last on the forwards capacity market - Is there a sense that there will be changes to the market rules there?

STUART LEE:
I think on the expectation there are discussions on right now about whether or not to take out the floor pricing on the capacity market and no indication at this point in time from the regulator whether that will happen or not. From our point of view the removal of the floor will likely take away some of those capacity payments over the short-term but over the long-term will likely take capacity out of the marketplace, from a lot of older generation that depends on those capacity market floor pricing to remain economic. And so, over the longer-term we would see that, actually, as a positive taking the floor away.

BEN PHAM:
Ok. And then, your 2012 financing plan. Do you assume a preferred share issue in there at all?

STUART LEE:
It's one of the things that we're looking at as one possibility. I think we're very well capitalized right now. There may be a minor need for financing at some point in the year, although we do have excellent availability on our credit lines. But, it's one thing that we'll look at. We try to be clear on is the fact that we wouldn't expect a primary equity issuance of commons this year unless there was an acquisition and so, any sort of financing requirements to fund Quality Wind and PDN and Halkirk would be based on some additional, potentially, some additional preferreds or debt.

BEN PHAM:
Ok, thanks a lot.

OPERATOR:

Ok, perfect. So we currently have two more questions. So, the next one is from Andrew Kuske of Credit Suisse. Please go ahead, Andrew.

ANDREW KUSKE:
Thank you, good morning. Just in the context of your guidance downgrade for the New England facilities. Are you seeing prices of facilities or the valuations being ascribed to facilities also being reined in? Just around the US, primarily, because the gas prices are so low?

BRIAN VAASJO:
So, Brian Vaasjo here. There, and I can't remember the actual transaction name, was a very similar transaction in the US Northeast in the late fall/winter time frame. And it, basically, based on our analysis, lined up with the values that we saw over the last year. When you look forward, certainly the slight reduction and the general perception of where natural gas prices are going, and a little bit slower of a recovery of the US economy, would likely have a modest downward impact on merchant prices going forward.

ANDREW KUSKE:
So, I guess in that context, if you've got a more moderate outlook on prices but your ability to finance in the market, whether via equity or via debt with the notes issue that we saw, and your ability to access the pref market if you chose to do that this year. It looks like a very interesting market potential, given finance ability remains very high and asset prices look to be on the decline if you chose to really expand your footprint?

BRIAN VAASJO:
And, just a comment on that. On a more broad basis, as you know we are pretty focused on maintaining a good balance between contracted and merchant exposure. At this point in time, significant increase in merchant exposure without either a corresponding increase in contracted cash flows or followed by an increase in contracted cash flows would likely knock us out of balance. So, you wouldn't expect to see us execute on a merchant transaction through the year, unless, again, it's balanced with some pickup on contracted.

ANDREW KUSKE:
Ok, that's helpful. If I may, just one final question that's related. Would you see a greater likelihood of contracted-type portfolio assets in the US versus those in Canada at this stage in time?

BRIAN VAASJO:
So, that continues to be a pretty strong market. Certainly we expect to see more opportunities on the contracted side come to market. On the other hand, the financial players, which are able to acquire these kinds of assets, we see them as probably being increasingly aggressive, which would mean that on a straight up pristine asset we likely couldn't compete with the financial players.

ANDREW KUSKE:
Ok, that's very helpful. Thank you.

OPERATOR:
OK, our last question is from Paul Lechem of CIBC. Please go ahead, Paul.

PAUL LECHEM:
Thank you. This maybe is continuing on some of those last questions. Investor Day, in December, you mentioned a number of opportunities in your business development pipeline. I just wonder if any of those are being furthered in terms of investigating or moving those projects along? I think you mentioned one in San Diego and others in Arizona, so I was just wondering if any of those have been moved along the development pipe?

BRIAN VAASJO:
So, actually, they've all tended to move along on the development side. I don't recall in timing. We had a New Mexico activity which did fall by the wayside, but in terms of San Diego, New York, and the Phoenix area those developments continue to make progress.

PAUL LECHEM:
Can you give us any updates in terms of potential timing of signing any of these projects that would move forward?

BRIAN VAASJO:
As a general comment, the only one that's got any sort of specificity is in respect of our solar development in Arizona. We expect to be in a position to be responding to RFPs, which our understanding at this point is that there may be some coming out in the fall. That would tend to be the only near-term significant developments that would happen with those projects, in terms of signing.

PAUL LECHEM:
Ok, anything else near term. Any greenfield projects elsewhere that weren't mentioned in Investors Day that we might see through the balance of 2012?

BRIAN VAASJO:

Again, we continue to look at opportunities and also looking at opportunities of projects that haven't been successful with proponents. So, certainly, a number of developments out there of that nature. But none with a high probability at this point in time.

PAUL LECHEM:
Ok, thanks. Last question on the North Carolina plants. In the write-up mentioned that the plants results were lower than expected. Can you remind us, maybe, what expectations were for those plants for the year and what the outlook is for the balance of the year?

STUART LEE:
So, the expectation Paul was in around, EBITDA around, $12 million dollars and, if we look at the balance of the year we had some challenges with some additional maintenance as well as higher fuel costs in the quarter. And we would expect it to be modestly lower than our full year guidance but well within striking distance for the remainder of the year.

PAUL LECHEM:
That's great, thank you very much.

OPERATOR:
Ok, so one more person came in to the question queue. We've got Jeremy Rosenfield of Dejardins. Please go ahead, Jeremy.

JEREMY ROSENFIELD:
Great, thanks. Good morning, everyone. In terms of outages I think there's some planned outages for later this year. Given where the pricing is in the market right now, is there any incentive to try to move the outages forward and take advantage of the lower price periods? Particularly here, I'm thinking of, maybe, New England?

STUART LEE:
So, on New England, Jeremy, we have a couple minor turnarounds that have happened or are happening in Tiverton and Rumford through Q2 and the only major is at Bridgeport which is slated for Q4 and, no, given the timing to set up contractors and set those turnarounds up, we wouldn't expect to move the timing on that.

JEREMY ROSENFIELD:
Ok, ok. Then, just maybe, from a more strategic perspective in terms of the dividend, if the market situation doesn't change much from where we are right now and prices, sort of, stay at the current levels given that environment and given that you might end up, sort of, toward the lower end of the dividend coverage ratio and recognizing that you'll have two new wind farms in service, how does that play out into the outlook for the dividend, lets say, going into 2013?

STUART LEE:
I think it's really a decision that the Board will make. I think we coming out with the IPO we noted the fact that over the long term we expected to be competitive with our peer group, typically in the 60-70% of payout ratio based on earnings and that type of philosophy hasn't changed. We would note the fact that our cash flow per share basis we have seen very good pickup over the last 3 years with the addition of Keephills in 2011 and now with the wind farms coming on later in 2012. We think we're well positioned with respect to our dividend. Even in a power price environment that maybe has come off a little bit from where it was last fall but, again, that'll be a decision of the Board at a future period.

JEREMY ROSENFIELD:
Sure, obviously. But just, in terms of, maybe, how you might think of the dividend. Do you think it's more something that's, lets say, more of a leading indicator than a coincidence, or a lagging indicator in terms of where cash flows are going?

STUART LEE:
We expect it to be leading, I mean both management and the Board will look out and look at the sustainability and growth in the business and looking at the dividend on that basis.

JEREMY ROSENFIELD:
Ok, perfect. Those are my questions. Thanks.

OPERATOR:
Ok, so, Juan Plessis of Canaccord Genuity has queued up again. Please go ahead, Juan.

JUAN PLESSIS:
Yes, thanks very much. Just a couple of housekeeping items here. What was the amount of the business interruption insurance received in Q1 for the Clover Bar 3 outage that occurred in 2011?

STUART LEE:
It was $1.1 million.

JUAN PLESSIS:
Ok, is that after tax?

STUART LEE:
That's pre-tax.

JUAN PLESSIS:
Pre-tax? Ok. And, what was behind, you may have mentioned this, but what was behind the change in

moving your target from 2012 to 2013 to get the full notice to proceed for K2?

BRIAN VAASJO:
Well, Brian Vaasjo here. The reason for that, Juan, was there was a modest change in the interpretation by the Ontario government on setbacks as it relates to noise. It has to do with contiguous property owned by an individual property owner and so they've changed their interpretation that has resulted in us having to move some turbines. So that, of course, results in having to go back with an amendment, new site plans for a handful of these turbines. So, that's the reason for it. Don't see that it in any way, shape, or form risks the project and, in fact continues to have the same completion date.

JUAN PLESSIS:
Ok, thank you for that. And, lastly you spent, I believe, $24 million dollars on emission credits in the quarter. Can you, perhaps, add some color around your strategy for purchasing credits and what we might see going forward, in terms of how much you might spend on emission credits?

STUART LEE:
So, Q1 would be higher than we normally expect, Juan, on the emission credit acquisition side. The group stepped in based on a view on prices at the time and traditionally, we buy out not only for the year but in the future periods, both for the Alberta position and their requirements, but also we trade, we're effective traders in the emission markets, both for local requirements as well as into some of the other markets. But, Q1, I would say, would be very on the high side of what we'd normally expect in a quarter.

JUAN PLESSIS:
Ok, thank you very much.

OPERATOR:
Ok, there are no other questions at this time.

RANDY MAH:
Ok, if there are no further questions we'll conclude our call. Thanks for joining us today and for your interest in Capital Power. Have a good day everyone.

OPERATOR:
Ladies and gentlemen, this concludes the Capital Power Corporation’s conference call to discuss the first quarter 2012 results. Thank you for your participation. Have a great day.

[TRANSMISSION CONCLUDED]