Capital Power Corporation Conference Call
Second Quarter 2013 Results - July 29, 2013

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OPERATOR:
Welcome to Capital Power Corporation's conference call to discuss the second quarter 2013 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 the questions. I would like to remind everyone that this conference call is being recorded on Monday July 29, 2013 at 9:00 a.m. Mountain Standard Time. I will now turn the call over to Randy Mah, Senior Manager, Investor Relations. Please go ahead.

RANDY MAH:
Good morning. Thank you for joining us today to review Capital Power's Second Quarter 2013 results, which were released on Friday, July 26th. 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 are 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 start, I would like to remind listeners that certain statements about future events made on this conference call are forward-looking in nature and are based on certain assumptions and analysis made by the company. Actual results may differ materially from the company's expectations due to various material risks and uncertainties associated with our business. Please refer to the cautionary statement on forward-looking information on Slide #2.

In today's 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 are unlikely to be comparable to similar measures used by other enterprises. Reconciliations of these non-GAAP financial measures can be found in the Management's Discussion and Analysis for the second quarter of 2013. 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 financial performance in the second quarter of 2013 exceeded our expectations and benefited from strong Alberta power prices that averaged $123/MWh compared to $40/MWh in the second quarter of 2012. We reported normalized earnings of 24 cents per share, which increased significantly from 7 cents per share a year ago. The strong performance was also reflected in our cash flow per share of 86 cents in the second quarter, which was up 56% from last year.

Average plant availability of 86% in the second quarter reflected two major scheduled outages that were completed at Genesee 1 and Keephills 3. It also reflects unplanned outages at both Genesee 1 and 2.

Turning to Slide #5. The high power price in the second quarter highlights the volatile nature of pricing in the Alberta power market, reflecting the tight supply and demand dynamics of the market. In the second quarter, there were a number of large baseload coal generation unit planned outages and numerous unplanned outages that curtailed power supply, so pricing spiked.

As you can see in the chart, the $123/MWh average spot price in the second quarter was the highest quarterly price in the last 3.5 years. Earlier this month on July 2nd, the demand for electricity reached an all-time summer high of 10,062 megawatts, surpassing the previous summer record of 9,885 megawatts set in July 2012.

The Alberta power market continues to be recognized as one of the most attractive power markets in North America. When our jointly-owned Shepard Energy Centre is completed in 2015, and with the addition of the Capital Power Energy Centre later this decade, we are making significant investments in Alberta that will uniquely position the company to benefit from continued strong demand growth and the need for new sources of generation to replace the retirement of coal units later in the decade.

Slide #6 shows the second quarter operating performance of our fleet with respect to plant availability compared to the second quarter of 2012. Overall we achieved an average plant availability of 86% this quarter, compared to 82% a year ago. Despite the major scheduled outage at Keephills 3, the Alberta commercial plants had strong plant availability that averaged 92% in the second quarter. The plant availability for the two Alberta contracted plants -- Genesee 1 and 2 -- averaged 74% and reflects the major scheduled outage at Genesee 1 as well as minor unplanned outages at both of these units.

On a year-to-date basis, we have achieved an average plant availability of 90%. For the last half of the year, there are no major scheduled outages so we are on track to meet our full year 2013 plant availability target of 93%. I will now turn the call over to Stuart to review our financial performance.

STUART LEE:
Thanks Brian. On Slide #7, I will quickly recap the financial performance of the second quarter. As Brian mentioned, Alberta power prices averaged $123/MWh in the second quarter. While we did not capture the full upside of the higher pool prices due to hedging and availability penalties, particularly at Genesee 1, our performance for the quarter exceeded our expectations. Revenues and other income were $321 million, up 23% from Q2 2012. The higher revenues generated were mainly from the Alberta commercial plants due to higher spot prices, and the addition of the Halkirk Wind facility. The North East U.S. asset segment also generated strong revenues, up 85% year-over-year from higher production.

Adjusted EBITDA, before unrealized changes in fair values, was $109 million in the second quarter, up 49% of the year-over-year basis, due to strong performance from the Alberta commercial plants and portfolio optimization segment, driven by the higher power prices.

Normalized earnings per share were 24 cents in the second quarter, compared to 7 cents a year ago, and cash flow per share of 86 cents per share was up 56% from 55 cents per share in the second quarter of 2012.

On Slide #8, this slide summarizes our financial performance for the first half of the year, which also shows positive year-over-year changes for all financial measures. Revenues and other income were $686 million, up 7.7% compared to the first six months of 2012. Adjusted EBITDA, before unrealized changes in fair values, was $231 million up 9% on a year-over-year basis due to strong performance in the Alberta commercial plans and portfolio optimization segment.

Normalized earnings per share were 60 cents in the first half of the year compared to 50 cents for the same period last year. Cash flow of $1.90 per share, was up 9% compared to $1.74 per share in the first six months of 2012. Overall, the positive financial performance in the first six months of the year is ahead of our expectations.

Moving to Slide #9, I will provide more details on the performance of the Alberta commercial plants and portfolio optimization segment, which continues to deliver value and contribute a record $114 million in adjusted EBITDA in the second quarter, up 107% on a year-over-year basis. The primary driver was the high average power price of $123/MWh. The trading desk captured a $93/MWh average price, which was lower than the average price due to the relatively high percentage hedged position entering the second quarter. The addition of Halkirk which began commercial operations in December 2012, also contributed to the higher adjusted EBITDA on the year-over-year basis. This was partly offset by lower adjusted EBITDA from portfolio optimization activities.

Slide #10 shows our Alberta commercial portfolio hedge positions for the last six months of 2013 and for 2014 and 15. Overall, we've increased our hedge positions for all these time periods since the last quarter. For the balance of 2013, we are 63% hedged with an average hedge price in the low-$60/MWh range. For 2014, we are 87% hedged at an average hedge price in the high-$50/MWh range, and for 2015 we are 65% hedged in the mid-$50/MWh range. For every $1 per megawatt change in Alberta power prices, the sensitivity is a $2 million impact to adjusted EBITDA in 2013.

I will conclude my comments by providing our financial outlook for 2013 on Slide #11. Based on our positive year-to-date results and current Alberta forward prices of approximately $75/MWh for the last half of the year, we now expect our full 2013 financial results to exceed our annual guidance of $1.20 to $1.40 for normalized earnings per share and $3.80 to $4.20 for cash flow per share.

As you recall, our 2013 financial targets were based on an average Alberta power price assumption of $58/MWh for the year. We continue to evaluate options to finance our most strategic growth projects. Through this process we remain committed to retaining our investment grade credit rating and minimizing dilution to existing shareholders. Therefore we continue to look at the monetization of a subset of assets. Possible alternatives include the sale of a partial or whole interest in a bundle of wind assets, the Halkirk Wind facility, the North East U.S. assets, and other combination of assets.

For the North East U.S. assets final bids are due in early August. The timing of any sale announcement is uncertain but a sale announcement, if any, is expected no sooner than the middle of next month. I will now turn the call back to Brian.

BRIAN VAASJO:
Thanks Stuart. I would like to share with you a high-level schedule of milestones for the development of the Capital Power Energy Centre as shown on Slide #12. We are actively following a process to build a large natural gas facility with up to 900 megawatts of capacity, in the 2018 to 2020 timeframe to meet Alberta's power needs. We expect to finalize and announce a partnership agreement for the project in the fourth quarter of this year and file an application with the Alberta Utilities Commission, or AUC, before the end of 2013. We would anticipate receiving the approval from the AUC in the first half of 2015. Therefore, full notice to proceed is expected any time after the AUC approval and up to the second quarter of 2016, depending on the targeted commercial operations date chosen in the 2018 to 2020 timeframe.

We are currently reviewing the various gas turbine technologies to determine the best fit for the Alberta market. The Capital Power Energy Centre will be built on an attractive site near our Genesee facility west of Edmonton, which has existing infrastructure, utilities and close proximity to natural gas pipelines and transmission.

Starting on Slide #13, I will provide a status update on our 2013 corporate priorities. Our operational targets include the average plant availability of 93% or greater, which reflects the scheduled maintenance outages at Genesee 1 and Keephills 3 that were completed in the second quarter. As mentioned, there are no further major outages planned for the rest of the year so we are on track to meet the plant availability target. We have targeted sustaining maintenance capex of approximately $105 million, and maintenance and operating expenses of $225 million to $245 million. After the first six months of the year, we continue to be on track to meet these annual targets.

Slide #14 outlines the development and construction targets of our two wind projects in Ontario. Construction of the 105-megawatt Port Dover & Nanticoke Wind project is going well. We are on track to begin commercial operations in the fourth quarter of this year.

With the K2 Wind project, our objective was to receive the environmental approvals this year. We met this objective with the 270-megawatt project, which received its renewable energy approval, or REA, from the Ontario Government on July 23rd. We expect the REA to be appealed through the Ontario Environmental Review Tribunal, which is typically a six-month process. However, we do not expect this process to interfere with our goal of having K2 Wind begin commercial operations in the first half of 2015.

Finally, the construction of the Shepard Energy Centre is progressing well for commercial operation in 2015, and is on track to meet the $816 million budget target.

In closing, Slide #15 highlights our second quarter year-to-date performance, versus our annual financial targets. Our 2013 financial targets were based on an average power price of $58/MWh and include normalized earnings per share of $1.20 to $1.40. Funds from operations of $385 million to $415 million and cash flow per share of $3.80 to $4.20 per share. As Stuart indicated, based on our positive year–to-date results and current Alberta forward power prices of approximately $75/MWh for the balance of the year, we now expect full year 2013 financial results to exceed the high end of our financial guidance for normalized earnings per share and cash flow per share.

I will now turn the call back over to Randy.

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

OPERATOR:
Alright perfect. So, ladies and gentlemen if you do have any questions, please go ahead and hit 0-1 on your telephone keypad. So that's 0-1 now if you've got any questions. We already have a few people queued

up. The first person is Ben Pham from BMO. Please go ahead Ben.

BEN PHAM:
Okay thanks. Good morning everybody. Just on New England. If you do get an acceptable bid in August, I'm just wondering - what's your expectation in terms of a closing date?

BRIAN VAASJO:
We would expect normal closing with a transaction like this to take a couple of months. We would expect that it would close in the fourth quarter.

BEN PHAM:
Okay thanks for that. My second question, just a related question, if you do sell New England I think your contracted position will come up quite substantially from what you've been guiding before, with the Halkirk baked in there. And you are moving away from your 50/50 target long-term. So, my question is, it seems like you are getting a little bit more clarity on the Capital Power Energy Centre. Will the sale of New England change your views in terms of how much you need that plant to be contracted before sanctioning?

BRIAN VAASJO:
So our development plans for the Capital Power Energy Centre have always been expecting, to a significant degree, it would be a merchant facility. It may well have some component that ultimately gets contracted, but don't believe that it would significantly change our view on the balance of contracted or merchant. Those considerations have already been taken into account in considering the sale of assets of New England facilities, or ultimately, the change of other potential facilities in the event that we don't go forward with that transaction.

BEN PHAM:
Okay. I just want to clarify, I just remember you saying before you needed Capital Power Energy Centre contracted at 50%. So you want to take a lower percentage now?

BRIAN VAASJO:
I don't believe we have ever indicated that that was a percentage we were looking for or a trigger on that facility. That's what the Shepard facility, is 50% contracted in the long term. We have never taken that position on the Capital Power Energy Centre.

BEN PHAM:
Okay. Thanks. That's it for me.

OPERATOR:
Okay. Our next question is from Juan Plessis, Canaccord Genuity. Please go ahead Juan.

JUAN PLESSIS:
Okay. Thank you. Just going back to the North East U.S. plants. Is the sales process for the sale of all three North East assets?

BRIAN VAASJO:
Yes it is.

JUAN PLESSIS:
Okay. And, you mentioned that the sale is subject to acceptable value requirements. What do you consider to be an acceptable value? I think it was the last conference call where Stuart said, something below book value would likely not be acceptable. Is this still the case?

BRIAN VAASJO:
This certainly – we continue to look at that as a very significant point at which we would have to give significant consideration as to whether we would go forward with the transaction or not. Certainly that is not our expectation.

JUAN PLESSIS:
Sorry. It's not your expectation to get something below book value?

BRIAN VAASJO:
Yes.

JUAN PLESSIS:
Okay. If there is a successful sale of those assets would you still be looking at further asset sales?

BRIAN VAASJO:
No, not at this point and given our capital program going forward.

JUAN PLESSIS:
Okay great. Just moving on maybe, the portfolio optimization in the quarter had lower EBITDA versus the second quarter of 2012. Can you quantify or break out for us how much the EBITDA for portfolio optimization was in each of those quarters?

STUART LEE:
Juan I don't have that at my hand. Obviously on portfolio optimization to the extent that you've hedged a position coming into the quarter and power prices are higher, like we would have seen this quarter, then you would have ended up where the facilities, the EBITDA from the facilities, obviously increases, but portfolio optimization is down. And conversely last Q2, in 2012 power prices came off of where forwards were

at, and therefore optimization was up relative to where the assets actually settled at. So, while I don't have the exact numbers directly, you can understand where optimization fits in relative to hedge positions and where it moves versus forwards; spot versus forward.

JUAN PLESSIS:
Sure. I understand that. I'm just trying to get a sense of the delta. It seems like it was quite a big delta there, given some of the statements that said that Halkirk EBITDA partly mitigated some of that decline.

STUART LEE:
Sure. So, if you mean captured price in the mid-90s versus spot price of $123, you've got close to a $30 dollar delta associated with spot pricing versus forwards. That gives you a pretty good indication of what would have happened on the portfolio optimization side.

JUAN PLESSIS:
Okay thanks. And just maybe one last question here on your sustaining capex budget. You have $105 million for the full year. You've spent $59 in the first half. You have no major maintenance outages planned for the second half of the year. What do you expect to spend the remaining $46 million on?

STUART LEE:
Part of it is Bridgeport and associated with different commitments associated with a major outage next year. Again, reviewing that associated with what we're doing and looking at, with respect to that facility and how we look at setting up the 2014 turnaround. So, no changes associated with our estimate, but there is a variable associated with just looking at the Bridgeport outage next year, and when equipment comes in for it.

JUAN PLESSIS:
Okay. And that estimate will stay regardless of whether you sell the plants or not?

STUART LEE:
Again, subject to timing on that sale.

JUAN PLESSIS:
Okay great. Thank you very much.

OPERATOR:
Okay. Our next question is from Paul Lechem of CIBC. Please go ahead Paul.

PAUL LECHEM:
Thank you. Good morning. Just, first on Capital Power Energy Centre. You talk about a partnership agreement expected by Q4. I was just wondering what kind of things are you looking to partner on? What kind of ownership were you looking to end up with on this project? Are you looking for any off-take agreements? Can you talk a little bit about what you're looking for in a partnership there?

BRIAN VAASJO:
So in respect of a partnership, first and foremost, you're looking for a partner who will take, from a joint venture standpoint, 50% of the facility. We would anticipate this to be much like the relationships we already have with TransAlta and with ENMAX, where we jointly own a facility. And obviously, you look for the characteristics of a partner – it's a very, very long-term relationship. But, first and foremost you are looking for someone that will work with you on the development, construction, and eventually operations of the facility.

In terms of looking for contracted positions, we are always looking to increase our contracted coverage of our assets. So we'll certainly be looking for that in terms of other commercial entities, not necessarily from a partner. So that's our general perspective as we look at partners in the Alberta market. In particular, we're looking just for good solid partners that we believe we can develop assets with.

PAUL LECHEM:
Okay. And, other than Capital Power Energy Centre and Shepard and the two wind farms that are still being constructed, are there any other greenfield opportunities that you are still pursuing out there or is it basically that set of assets now?

BRIAN VAASJO:
We continue to look for contracted opportunities throughout North America. I think as you know, certainly in Ontario the FIT programs over, BC has no recent green RFPs out and throughout the US, the US tax incentives are coming off. It tends to be a very very quiet market at this point in time. Certainly, we continue to look but don't anticipate anything in the near term.

PAUL LECHEM:
Okay, last question. In the event that you are unable to close a transaction on the North East assets could you finance the remaining tranche of the Shepard Energy Centre with debt? Or what other options are you looking at, and how does that affect your credit rating and ability to support that?

STUART LEE:
So, if you look Paul at what our fallback option would be, it would likely be to monetize a portion of our wind assets or potentially the Halkirk facility. I don't think we'd be looking to debt finance that tranche unless it's

on a very short-term basis. So again, I think the alternative is still monetization of assets to support it.

PAUL LECHEM:
Okay. Just on the wind facilities – how far advanced are you in discussion along that line. I think you were talking about looking at Halkirk potentially – as long ago as late last year. Is that kind of quieted down while you pursue the New England assets, or have you been pursuing a kind of a parallel track?

STUART LEE:
So, we haven't been pursuing a parallel track. So, we would be looking to initiate that if we were not successful on the North East assets.

PAUL LECHEM:
Thank you.

OPERATOR:
Our next question is from Andrew Kuske from Credit Suisse. Please go ahead Andrew.

ANDREW KUSKE:
Thank you. Good morning. If you could just give us a bit more colour on Clover Bar and the performance in the quarter. The realizations were quite good on a per megawatt hour basis coming off the facility. But you're really looking for colour on how you think about the depth of market in Alberta. We all see these price spikes that happen in the market, but how much power have you really been able to monetize when we've had those $900+ pricing? Does your ability to sell just fall away because there's not that much depth in the market?

STUART LEE:
I'm not sure I quite understand Andrew. You're talking about does our ability falls away. Obviously the facility I think had very strong availability in the quarter, and was positioned and ran when we saw those types of spikes in pricing and was effective at capturing the higher pricing periods. But I'm not sure what you mean by the last part of your question.

ANDREW KUSKE:
Sure. I guess just in the context of – you've got this fast ramp up here in ten minutes to really hit max capacity, which gives us great flexibility. But when you're seeing a $900 price. If you hit it, say you hit the $900 price with say max capacity, you do see prices tend to back off fairly quickly off that, once you hit that with Clover Bar and say it settles into still a very robust price of say two or three hundred. I'm just curious on how robust pricing is for periods of time. I know obviously there are a lot of hours in a quarter, so it's a little bit of a tricky question, and a difficult answer to give. But, if you could just give colour on that and on how stable some of that pricing is in the marketplace?

STUART LEE:
Well, certainly when you start looking at the higher end of the blocks it's very sensitive to additional – both on the supply side and on the demand side. So for instance, 75 megawatts can really move pricing significantly in the marketplace once you get above $200/MWh. So, part of the decision around how we dispatch Clover Bar obviously takes into consideration what impact it's likely to have on the market. It does have an impact as it gets dispatched. As I said, it's very sensitive once you get past certain ranges in the pricing grid for fairly minor movements and actual megawatts.

ANDREW KUSKE:
Then I guess, just a somewhat related question. How much impact do you think the flooding situation in Calgary and in really southern Alberta had on just demand overall in the marketplace, and really the power market's overall functioning.

STUART LEE:
Functioning-wise I think it functioned quite well. As far as price impacts obviously, it muted a little bit of demand for about a week. I wouldn't say it had a significant impact overall in the quarter.

ANDREW KUSKE:
Okay. That's very helpful thank you.

OPERATOR:
Our next question is from Robert Kwan of RBC. Please go ahead Robert.

ROBERT KWAN:
Good morning. Maybe just turn back to New England here. Is it fair to say that given you've moved to the final binding bid deadline or process that you're happy with the indicative bid values and that they would be exceeding that kind of net book value threshold or target that you articulated earlier?

BRIAN VAASJO:
Certainly the fact that we've gone to the step of pursuing binding bids indicates that at least the prices we saw initially were meeting our expectations. And obviously, would continue in our view to be meeting our expectations. We are not seeing a lot in the market or changes in that zone or area that would cause, from our perspective, any weakening. But, again, bidding on assets is a pretty dynamic situation and certainly wouldn't want to over speculate on what we expect to see in terms of the final bids.

ROBERT KWAN:
Are you able to say what date the indicative bids came into you? How long ago was it?

BRIAN VAASJO:
I don't recall off hand.

STUART LEE:
It was early June.

ROBERT KWAN:
So, it was fairly recent.

BRIAN VAASJO:
Oh yes.

ROBERT KWAN:
Okay. Just in terms of your power price outlook in the Alberta market, you set the guidance off of what you're terming the forwards in that $75 range. Is it fair to say that is where you are expecting the balance of the year to settle at?

STUART LEE:
We think that's a good indication of where the balance of the year settles, yes.

ROBERT KWAN:
Okay. Just the last question I have is on the hedges. For the balance of this year, you've hedged a greater percentage, albeit, though, at lower prices. And during the quarter with the high spot, the forward curve seemed to pick up – it was pretty strong pick up. So I'm just a little surprised that your hedge prices have declined. I'm wondering if there's any additional colour you can provide around that, whether you've hedged more off-peak or something along those lines.

STUART LEE:
A combination of that. And again, if you look at the way the shape is for the balance of this year, you're looking at relatively high prices through August and September, and you're dropping down to the low $60 in Q4. So it's a combination of on-peak/off-peak as well as the period that you're hedged into for the balance of the year.

ROBERT KWAN:
Okay. And was there any significant deviation I guess as you look at what you had on in Q2 that would have skewed that number? Presumably not given – it would have implied that you were hedged at a very high price in Q2, which didn't seem to be the case.

STUART LEE:
I don't think there's any particular skewing. Again, if you go back – the forwards at the point in time – we would have seen a little bit of uptick associated with the end of March on the spot prices which would have driven a little bit of higher prices through Q2, which we would have captured. Obviously what we ended up locking in at for Q2 was lower than where the spot actually settled, but a portion of that was just what we would have locked in Q2 at, at the end of March.

ROBERT KWAN:
I guess just it sounds like maybe you've added more – you're a little bit more skewed into Q4 here. Just on the on-peak/off-peak is it pretty balanced though as you look kind of balance for the year?

STUART LEE:
On-peak/off-peak I think is relatively balanced.

ROBERT KWAN:
Okay. That's great thank you.

OPERATOR:
Okay. Our next question is from Linda Ezergailis of TD Securities. Please go ahead Linda.

LINDA EZERGAILIS:
Thank you. Congratulations on a strong quarter. Just a few clean-up questions. Maybe you can just update us generally on your US strategy in light of your potential sale of the US New England assets. As well as I know that you're focused on executing your new builds, but what are you seeing on the M&A side if anything?

BRIAN VAASJO:
Good morning Linda. You know certainly, from a US strategy standpoint, we continue to look for contracted opportunities. And as I indicated a few moments ago, the number of new builds tends to be relatively light currently, and certainly in the near future.

When you look at it from the M&A standpoint, again we are not looking for acquiring merchant assets. So, that somewhat eliminates that segment of the market. When you look at the contracted side for M&A, again for reasonably good assets without challenges, the market is extremely competitive and, actually, seemingly getting a little bit more competitive, with more and more financial players getting involved. So, we don't see pursuing those kinds of opportunities are worthwhile for us at this point in time. Then you move sort of down the path to where you get potential transactions with quite a bit of hair. Depending on what risks there are associated with those assets and how comfortable we are with those risks, we certainly would be looking at some M&A opportunities. But generally speaking, wouldn't expect anything to be happening there in the short to medium-term.

LINDA EZERGAILIS:
Great thank you. And in terms of just a more detailed question. You mentioned there was some reallocation of corporate costs. Was that in this quarter? Can you just, maybe can Stuart describe that a little bit more?

STUART LEE:
So there is some reallocation of costs between Genesee and between Corporate. So, no real changes to overall EBITDA. Just as you look at the split between Corporate and the plants. It was both for Q1 and Q2.

LINDA EZERGAILIS:
Okay. And what's the year-to-date delta associated with that?

STUART LEE:
Off the top of my head Linda, I'm not sure. I will get back to you on that.

LINDA EZERGAILIS:
Okay. That would be helpful. Thank you.

OPERATOR:
Okay. So, our last question is from Jeremy Rosenfield of Desjardins Capital. Please go ahead Jeremy.

JEREMY ROSENFIELD:
Great thanks. Good morning everybody. Just on the Alberta results in the contracted segment. Are you able to just break out the difference in terms of the impact between the planned and unplanned outages at the Genesee plants?

STUART LEE:
So, the unplanned outages – the impact of those was about -$8 million to plan associated with availability penalties and a minor amount of additional maintenance. The balance is related to plan. Obviously the higher availability penalties associated with the period of time that the plants were down.

JEREMY ROSENFIELD:
Okay. Excellent. The only other question I had, maybe in terms of the 2014 hedges, you've added again to the position going into next year. Now it seems actually quite high. I'm wondering if that reflects a view that prices are expected to come down in 2014. And also, does that include Halkirk or do you assume there is no output from Halkirk in the Alberta segment.

STUART LEE:
So, if you look at the position we have. What it doesn't include – it doesn't include any of the gas facilities, it doesn't include Clover Bar, it doesn't include Joffre and it doesn't also include Halkirk on the wind side. So, there is still significant ability to capture upside associated with Alberta power prices. What that hedge position does indicate is our baseload coal, and so what we've said over the last couple quarters is that our views are largely consistent with where our forwards are at for 2014 and 15. And all else being equal if our views are fairly consistent we've chosen to lock in some of that position with an upside associated with both gas and wind.

JEREMY ROSENFIELD:
Excellent. Those are my questions thanks.

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

RANDY MAH:
Okay. If there are no more further questions, we will conclude our conference call. Thank you for joining us today and for your interest in Capital Power. Have a good day everyone.

[TRANSMISSION ENDED]