Capital Power Corporation
Fourth Quarter 2013 Results Conference Call
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OPERATOR:
Welcome to Capital Power's fourth quarter 2013 results conference call. At this time all participants are in "listen-only" mode. Following the presentation we will conduct a Question & 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, March the 3rd, 2014, 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 fourth quarter 2013 results, which were released on Friday, February 28th. The financial results and the presentation slides for this conference call are posted on our website at www.capitalpower.com. We will start the call with opening comments from 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, may not be comparable to similar measures used by other enterprises. Reconciliations of these non-GAAP financial measures can be found in the Management's

Discussion & Analysis, dated February 28th 2014, for the year ended December 31, 2013.

I will now turn the call over to Brian for his remarks starting on Slide 4.

BRIAN VAASJO:

Thanks Randy. Good morning. I'll start off with a review of the significant events that took place in the fourth quarter.

In November, we completed the sale of our three Northeast US assets to Emera, for net proceeds of $568 million dollars. The net proceeds from the divestiture have been used to fund our investment in the Shepard Energy Centre and ongoing capital projects.

With the sale of these New England merchant facilities, Capital Power's merchant power activities are now focused on the Alberta market. With this change in our merchant focus, in addition to the realization of other corporate costs related efficiencies, we expect to generate annual cost savings of approximately $25 to $30 million dollars. Approximately $22 million dollars will come from the reduced general and administrative expenses and about $8 million in savings from operations. The refocusing of our merchant business enables the company to operate a leaner core business with less risk.

In November, the Port Dover & Nanticoke wind project in Ontario began commercial operations. This 105-megawatt wind facility was completed on schedule and below its $340 million dollar budget. Final construction costs are estimated to be $300 million dollars, which is 12% below budget. Port Dover & Nanticoke will generate contracted cash flows under its 20-year PPA with the Ontario Power Authority.

Turning to Slide 5 – In December we announced a Letter of Intent with Enmax to pursue joint arrangement agreements to develop, construct, own and operate the Genesee 4 and 5 facilities. We continue to have ongoing discussions with Enmax and definitive agreements are on track for completion in the first quarter of 2014.

In February a settlement was reached with TransAlta on the Sundance 6 force majeure claim of $39 million dollars relating to the third quarter 2011 transforming—or, transformer failure outage. While the claim was under arbitration, we entered into settlement negotiations with TransAlta. In 2012 we paid $20 million dollars, which represents our 52% interest in the PPA. Based on our view that the claim would not meet the force majeure test, we recorded a corresponding receivable. In the fourth quarter of 2013, we reduced this receivable amount to $10 million dollars, consistent with the settlement agreement reached with TransAlta. This reduced EBITDA by approximately $10 million from what it otherwise would have been, but has been normalized out of earnings. The settlement also resolved a 2012 dispute relating to Index 9 on the Sundance PPA, with immaterial consequences to Capital Power.

Slide 6 highlights the fourth quarter plant availability operating performance of our fleet, compared to the fourth quarter of 2012. Overall, we achieved strong fleet availability of 93% in the fourth quarter of 2013, compared to 89%

availability in the fourth quarter of 2012. Of note, our contracted plants in Alberta, Ontario, British Columbia, and North Carolina, all performed well with availability averaging between 93% to 98%. Our Alberta commercial plants had 94% availability, which included 91% average availability at the Clover Bar Energy Centre. Unit 3 at Clover Bar had a maintenance outage that lasted approximately one month and was scheduled during a low power price period in late-September to mid-October, resulting in no major economic costs for the outage – other than the maintenance costs themselves. I will now turn the call over to Stuart to review our financial performance.

STUART LEE:

Thanks, Brian. I will start off by reviewing our financial performance starting on Slide 7. As Brian mentioned, we completed the sale of the New England assets last November and received $568 million dollars in net proceeds. We recorded a pre-tax gain of $76 million dollars on the sales transaction, which primarily consisted of accumulated foreign exchange translation gains.

Brian also mentioned the expectation of $22 million dollars in reduced G&A expenses. Q4 2013 G&A expenses were $34 million dollars, which was $8 million dollars higher than our expected quarterly run rate. For Q4 2013, it included approximately $8 million dollars in corporate costs related to numerous small items that included:

- higher short-term incentives;
- business development costs for two development sites;
- additional restructuring costs; and
- costs relating to the windup of the defined benefit pension plan.

In comparing our fourth quarter results, year-over-year, I'd like to recap the significant items that impacted each quarter. For 2013, fourth quarter results were impacted by lower Northeast US earnings due to the sale of the New England assets, and a full quarter of contributions from Quality Wind and Halkirk, and two months of contributions from the Port Dover & Nanticoke wind facility.

The fourth quarter results in 2012 were impacted by a net pre-tax realized loss of $10 million dollars relating to the Bridgeport heat rate option and actions taken to mitigate natural gas exposure, significantly lower than normal wind at Quality Wind facility, and the Genesee 3 planned outage.

Slide 8 shows our financial performance for the fourth quarter of 2013 compared to 2012. Revenues were $327 million dollars, up 14% from the fourth quarter 2012 – driven mostly by mark-to-market unrealized changes in fair values of commodity derivatives. Overall, plant revenues were down in 2013 due to the November sale of the New England assets and were partially offset by a full quarter of operations from Quality Wind and Halkirk, and two months of operations from Port Dover & Nanticoke.

Adjusted EBITDA, before unrealized changes in fair values, was $102 million dollars in the fourth quarter of 2013, up 2% on a year-over-year basis – due to increased contributions from new wind facilities and higher other portfolio activities. The increase was partially offset by lower adjusted

EBITDA from the Alberta commercial plants and portfolio optimization segment – due to the lower Alberta power prices that averaged $49/MWh in the fourth quarter of 2013, compared to $79/MWh for the same period in 2012, and the reduction in receivable for the Sundance force majeure claim.

Normalized earnings per share were $0.35 in the fourth quarter, compared to $0.23 last year. The increase is generally driven by the same factors that increased the EBITDA – normalizing for the Sundance force majeure settlement.

Funds from operations were $109 million dollars, up 31% from a year ago, and cash flow per share of $1.11 per share, was up 32% from $0.84 per share in the fourth quarter of 2012. The new wind assets contributed to the strong increase in funds from operations for the quarter.

Moving to Slide 9 – this slide summarizes our financial performance for the full year 2013. As you can see, there are positive year-over-year changes in all financial measures, particularly in earnings. Capital Power generated revenues of $1.39 billion dollars, up 7% compared to 2012. Adjusted EBITDA, before unrealized changes in fair values, was $483 million dollars, up 6% on a year-over-year basis – primarily due to the full year contributions from Quality Wind and Halkirk. Normalized earnings per share in 2013 was $1.69, up 31% compared to $1.29 per share in 2012. Funds from operations for 2013 was $419 million dollars, up 10%, while cash flow per share was up 9%. I'll elaborate further on cash flow on the next slide.

As shown on Slide 10, Capital Power continues to generate strong cash flow, with a high proportion of that cash flow being discretionary. As you can see on the chart, our discretionary cash flow, which is defined as "residual of FFO less Gross Dividends and Sustaining CAPEX", has averaged 39% in the last three years. We have a similar expectation for discretionary cash flow for 2014.

Our guidance range for 2014 funds from operations is $360 million to $400 million dollars, which is expected to cover our dividends, development projects, and sustaining CAPEX for the year. Therefore, we do not expect any equity or debt requirements to fund our growth in 2014.

I'll conclude my comments by providing our financial outlook for 2014 on Slide 11. As mentioned, our guidance range for funds from operations is $360 million to $400 million dollars, which is based on an average Alberta power price forecast of $57/MWh. In comparing with 2013, when Alberta power prices averaged $80/MWh, we expect lower realized prices on our unhedged position, lower profitability from Clover Bar peaking facility, and lower incentive revenues from Genesee 1 and 2. This will be partially offset by a full year of earnings from Port Dover & Nanticoke and a higher plant availability of 95%.

Our Alberta commercial portfolio hedge positions, on our base load coal plants and Sundance PPA, are illustrated on this slide. For 2014 we are 100% hedged, with an average hedge price in the mid-$50.00/MWh range. For 2015, we are 78% hedged, at an average hedge price in the mid-$50.00/MWh range. And for 2016, we are at 30%

hedged, in the same mid-range of $50.00/MWh. The 2014 average hedge price of mid-$50.00 is consistent with the forward prices that were priced at the 2013 year-end, while our average hedge prices for 2015 and 2016 are slightly higher than the forward prices. I'll now turn the call back to Brian.

BRIAN VAASJO:

Thanks Stuart. Starting on Slide 12, I'll review our 2013 performance against our annual targets and recap our 2014 corporate priorities. Overall, 2013 was a successful year as we exceeded our earnings and cash flow financial targets, while completing a number of initiatives that strongly position Capital Power for the future.

Our operational performance in 2013 was excellent. We achieved our average plant availability target of 93%, which reflected two major planned outages in the year. Our sustaining CAPEX was $79 million, compared to our target $105 million or less. In part, the lower figure reflected the transfer of certain sustaining CAPEX for the Northeast US assets to Emera that were incurred near the time of the sale.

Our original maintenance and operating expenses target for 2013 was $225 to $245 million dollars. Certain maintenance and operating expenses were subsequently reclassified and reported as energy purchases and fuel. Adjusting for these reclassifications, the maintenance and operating expense target range would have been $190 to $210 million, consistent with the actual figure of $192 million dollars.

For 2014, operational targets include:

- Plant availability average of 95% or greater;
- $85 million dollars for sustaining CAPEX; and
- approximately $165 to $185 million dollars for maintenance and operating expenses.

Slide 13 outlines our development and construction targets for 2013 and the continued success we have had on development projects. We performed well with respect to the Port Dover & Nanticoke wind project. It achieved commercial operations on schedule last November with final costs expected to be about 12% below budget.

For the K2 Wind project, our 2013 target was to obtain the necessary environmental approvals in the year. We met this target when the renewable energy approval from the Ontario government was received last July. The appeal process for the REA has been completed with a favourable decision from the Tribunal. Our targets for K2 in 2014 are to commence construction and complete the project financing. Both activities are currently underway.

Our 2013 target for the Shepard Energy Centre was to continue tracking to our $860 million dollar budget. With the majority of the construction now complete, we have revised our budget down to $821 million. Our 2014 target for the Shepard project is to complete its construction with a view to commence operations early in 2015.

Finally, for the Genesee 4 and 5 project – our 2014 target is to continue developing the project and to receive permitting approval in the first quarter of 2015.

In closing, Slide 14 summarizes our annual financial targets. We expect—exceeded all of our 2013 financial targets, primarily due to a higher than forecasted average Alberta power price. Our financial performance included:

- $1.69 in normalized earnings per share, compared to the $1.20 to $1.40 target;
- funds from operations of $419 million versus the target of $385 to $415 million dollars; and
- cash flow per share of $4.24, compared to the $3.80 to $4.20 per share target.

As Stuart indicated, our 2014 financial target is to generate between $360 to $400 million in funds from operations, based on a $57/MWh average Alberta power price. I'll now turn the call back over to Randy.

RANDY MAH: Thanks, Brian. Mike, we're ready to start the Question & Answer session.

QUESTION & ANSWER SESSION

OPERATOR:

All right. Just to remind everyone – to ask a question you can press '01' on your keypads. We'll just give everyone a couple of seconds to queue up.

First question comes from Paul Lechem from CIBC. Please go ahead, Paul.

PAUL LECHEM: Thank you. Good morning. I just would like to clarify, Stuart…maybe if you can explain the treatment again of the Sun-6 PPA, the $10 million that you wrote off in the quarter. Where would that have come out of the results? Would that have specifically impacted the Adjusted EBITDA for the Alberta commercial plants?

STUART LEE: Correct. So it would have come out of Alberta commercial, as you've indicated.

PAUL LECHEM: So there's a $10 million dollar delta there, in that for that write-off?

STUART LEE: Correct.

PAUL LECHEM: Ok. And you also mentioned that that division was impacted by portfolio optimization activities. Can you, maybe, give a bit more clarity on what happened and what means…what magnitude that might have been?

STUART LEE: Well, I think…generally positive for the quarter given the fact that we sold forward and we saw low power prices in the quarter – just around $49/MWh. And, obviously, our captured price was closer to $64, based on the fact that we sold forward a significant portion of that position coming through Q4.

PAUL LECHEM: Ok, so that was not…you called out in the commentary, that the portfolio optimization activities impacted the results. Anything specific that you were trying to call out there?

STUART LEE: Only that it was a positive had we otherwise elected to settle at spot. It was a positive from the quarter in being able to sell forward position and capture more stable earnings and EBITDA.

PAUL LECHEM: Gotcha. Ok, thanks very much. I'll leave it there. Thanks.

OPERATOR: All right. Next we have a question from Juan Plessis from Canaccord. Please go ahead, Juan.

JUAN PLESSIS: Thank you. With respect to your strategy on hedging for the Alberta commercial production, you're now 100% hedged for 2014, 78% hedged for 2015 and this is compared to being about 48% hedged going into 2013. Is this higher hedge position just simply based on your outlook for power prices or are you more inclined now to hedge a bit more going forward, into the upcoming years?

BRIAN VAASJO: That's a reflection of our view of forward power prices.

JUAN PLESSIS: Ok, nothing more than forward power pricing then?

BRIAN VAASJO: No.

JUAN PLESSIS: Ok, thank you. And your capital spending – you mentioned for planned maintenance came in at $79 million for 2013 versus your target of $105 or lower – and I know you said a main contributor of that was spending at the New England plants that were charged to Emera when you sold them and some deferral of spending into 2014. Can you tell us how much was spent and not recorded for the New England assets and how much maintenance CAPEX slipped into 2014?

STUART LEE: Sure, Juan. So, there's about $5 million dollars that was spent and then subsequently adjusted to the working capital adjustment with Emera. In addition to that there was about $15 million dollars for the New England facilities that we deferred altogether through the course of the year. And deferrals on our existing portfolio were quite small – maybe $2 or $3 million dollars – that was deferred to 2014. So, for the balance of our assets we executed our capital spending program effectively in 2013.

JUAN PLESSIS: That's great. Thanks very much.

OPERATOR: All right. Next there is a question from Andrew Kuske from Credit Suisse. Please go ahead, Andrew.

ANDREW KUSKE: Thank you, good morning. Just a question, I guess for Brian. How do you see your capital market positioning in the marketplace? And I ask the question, in part, because your FFO payout ratio, as such, is a bit lower than some others. But you arguably have a better ability to capture some of the growth opportunities. So if you can maybe give us some perspective on that dynamic?

BRIAN VAASJO: I'm sorry. I didn't quite follow the question.

ANDREW KUSKE: Well, I guess the root of it is just how do you see yourselves positioned in the capital market from an investor's standpoint where your FFO payout ratio is lower than some others, which obviously gives you an ability to tap into some growth opportunities. So, how should the street really look at your stock?

BRIAN VAASJO: So, certainly, as you look forward and see, in effect, significant generation of cash flow, particularly discretionary cash flow. I think the way you should look at it is, we're well positioned to fund, partially fund, any significant growth opportunities in the near term. And, as we've said back in December and since then, we don't have anything in the real near term other than the completion of the K2 Wind project and certainly the completion of Shepard. So, that would suggest that particularly in 2015 you may see some significant cash flow that could be utilized for either reduction of debt or potentially, the buyback of shares over that time period.

But it also, in effect, on a per share basis, given that it is in part the result of some very significant growth in our contracted cash flow, start suggesting that there may well be room for a dividend increase.

ANDREW KUSKE: And then, just as a follow up. Where would you like the FFO payout ratio, or earnings payout ratio basis to be for the dividend?

BRIAN VAASJO: So, as we've been commenting, we haven't actually landed on any sort of policy or practice related to a FFO basis. Our current dividend was established at the IPO and based substantially on an EPS basis in contrast to our market peers. Moving to an FFO basis is a little bit of uncharted territory and at the time that we make those decisions and either develop the policy or the practice, we'll comment on that at that time what may or may not be a target.

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

OPERATOR: All right. Next, there is a question from Robert Kwan from RBC Capital. Please go ahead, Robert.

ROBERT KWAN: Yes, good morning. Just have a question on the FFO guidance being based on $57/MWh. I guess, with being 100% hedged on baseload, are there any material moving pieces or does power price really matter at this point?

STUART LEE: So I'd say, Robert, the power price still matters to some degree. Not as much as, maybe, it has in past years but still, on our gas assets, there's an expectation that they contribute a certain level of EBITDA and both gas and power prices, obviously, will impact on how profitable those assets are in 2014. So there's still some variability but not as much as we would have seen in prior years.

ROBERT KWAN: Ok, I guess just with following that with the hedging. Can you give any colour as to whether you're pretty flat through the entire year; are there any material long and short positions?

STUART LEE: So, generally, again, we wouldn't comment on how the portfolio is positioned. I think the guidance we try to provide allows folks to look at the full year as opposed to trying to predict a particular quarter. And, again, given the sensitivities around positioning and how that disclosure is reviewed by other market participants we'd be hesitant to be more specific than that.

ROBERT KWAN: Ok. Just turning to looking forward and the uses for free cash flow – you've got the BBB minus rating at S&P. I'm just wondering how quickly would you like to try to cure that and achieve an upgrade? And, specifically, thinking about what's more important to you at this point? Trying to get that rating back up to BBB flat versus dividend increases and, Brian, I guess you mentioned the potential for share buybacks?

BRIAN VAASJO: So, certainly, we wouldn't anticipate a dividend increase would have a significant impact on whether our debt ratings would improve or not. On the other hand, a share buyback, particularly with alternatives being around reducing debt in, say 2015, would have an impact. Those decisions will be made closer to the time when we actually have a significant amount of cash to be employed in the business. So it would be a little bit too early at this point to suggest one is more favoured than the other. We'd have to look specifically at the time. But, again, certainly don't think though that order of magnitude that we're talking about, in terms of either share buyback or debt reduction, would have a dramatic impact on the rating agency's view of how or what our credit is.

ROBERT KWAN: Ok. Just a follow-up last question here. Brian, on the buyback, I know we've talked about this in the past and your concerns about buying back shares reducing what's already a fairly limited float in trading liquidity; what's changed in terms of your thinking with respect to the use of share buybacks?

BRIAN VAASJO: That is certainly continues to be a negative element to the share buyback – that being, a reduction in the liquidity of the shares. So, that is one element that's also and will be taken into consideration at the time when we may be in a position to execute a share buyback. So, continues to be a negative from that perspective.

STUART LEE: One of the changes I think you've seen, Robert, is just the fact that the floats gotten larger with the EPCOR sell downs so some of the liquidity concerns that we may have been discussing two or three years ago have lessened to some degree. And we would expect, again, consistent with what EPCOR has publicly disclosed, that over time that they'll sell all or a substantial portion of their remaining position.

ROBERT KWAN: Ok, that's great. Thank you.

OPERATOR: Ok. Next we have a question from Linda Ezergailis from TD Securities. Please go ahead, Linda.

LINDA EZERGAILIS: Thank you. Just another question with respect to balancing your decisions around dividend increases, share buybacks, and potential for increasing leverage – how might your discussions with the debt rating agencies potentially affect that decision? And I get the sense that they're most focused on operational cash flow metrics when considering your rating, from a financial metrics perspective, but what other qualitative considerations have they communicated to you?

STUART LEE: Qualitative considerations relate to level of merchant exposure relative to contracted exposure and EBITDA coming from those different parts of the business. And, I think, consistent with what you've seen there's been a significant build out of our contracted portfolio so certainly that has changed positively from our perspective. And the sale of the New England assets further reduces some of the merchant exposure – particularly outside of Alberta. So I think those generally have been received positively in our discussions with the rating agencies. As always, and I think it's consistent with when S&P moved us from BBB-mid down to BBB-minus, a big portion of their rationale was around their expectations around weakness in the Alberta power prices. So from our perspective part of the natural cure is going to be when we start to see improvements in the Alberta marketplace. And, we would believe that we were right now at the bottom of the market. And, through the bottom of the market I think we've prudently hedged a significant portion of our position. And as we start to see power prices move we'd expect we'd be positively impacted in our rating associated with that as well.

LINDA EZERGAILIS: Ok, that's helpful. And just a quick follow-question – what sort of effective income tax rate should we use in the next couple of years?

STUART LEE: For an effective tax rate – again, if you look at the, primarily Canadian assets at 25% tax rate – effective rate likely in the 23 to 24% range.

LINDA EZERGAILIS: Great. Thank you.

OPERATOR: Ok, and the last question we have right now in the queue is from Jeremy Rosenfield from Desjardins. Please go ahead, Jeremy.

JEREMY ROSENFIELD: Thanks. Just following up on the question of the buybacks – just to be perfectly clear, I'm wondering if you'd look at potentially buying back the remaining slice of shares that EPCOR's holding, at that time when EPCOR would look to sell those?

STUART LEE: I think Jeremy that would always be a possibility, something we would look at.

JEREMY ROSENFIELD: Ok, great. And then, just following up on the hedging and also your comments on where you see the power market. If your view is fundamentally the market is at a low point then what's the incentive really to increase the hedging to such a large degree? Do you still feel you're going to capture the upside from the Clover Bar peaking facility? Because, otherwise, I'm not quite sure what the rationale was.

BRIAN VAASJO: Well, the existence of a large natural gas position provides us with the luxury of guarding against the downside by, basically, hedging out at what we think is reasonable value and generally consistent with the forward curves. But it does result in us still retaining some significant upside associated with our gas units. So it's actually the existence of our gas position that gives us the confidence in, basically, hedging out our coal or fixed generation position.

JEREMY ROSENFIELD: Ok. Do you have any hedges in place in terms of buying gas to run the gas assets that would give you, sort of, better upside potential, let's say, over the coming year or two years?

BRIAN VAASJO: So we certainly have no long-term hedges. As we go through a year there is some, I'll call them modest spot purchases and purchases out for a little bit longer. But certainly, nothing that's spanning years, for sure.

JEREMY ROSENFIELD: Ok. Maybe, just a question in terms of the timing of CAPEX for K2? The forecast that you have right now really only has, sort of, minor investment I think in 2014. If that project moves into construction more fully in 2014, would you look to, sort of, move up some of the CAPEX associated with that?

STUART LEE: So, Jeremy, I think when we give our CAPEX indications it's effectively…because it's being project-financed we're only showing the equity components of it. The total equity contributions from our side, I think are around $60 million dollars so a significant portion of the build out will happen starting in 2014 and completing in 2015 but the majority of that is going to be funded through project-level debt.

JEREMY ROSENFIELD: Right. Ok. So on the equity side is it roughly 50/50 split, 2014/15?

STUART LEE: In that range, maybe a little bit more weighted…slightly more weighted to what's historically already been spent, plus 2014.

JEREMY ROSENFIELD: Ok. And, maybe, just a final question on planned outages for the coming year? What's the length of the planned outage for the Joffre facility?

STUART LEE: Off the top of my head…I'll have to get back to you on that one Jeremy. I'm not sure of the exact timing.

JEREMY ROSENFIELD: Ok, perfect. That's it for me, thanks.

OPERATOR: All right. Next there is a question from Ben Pham from BMO Capital Markets. Please go ahead, Ben.

BEN PHAM: Ok, thank you and good morning everybody. I'm just going back to the hedges and the higher percentages going forward there. I just wanted to clarify that the 2016 hedges, the 30%, is that—do you guys include the Shepard production in there?

STUART LEE: We would, but, again, if you look at Shepard in 2016, 75% of that is effectively contracted so we only have 25% of the output on a merchant basis. And so only the 25% would be included in that hedge portfolio.

BEN PHAM: Oh, ok. Got it. And then, can you give us an update on your Alberta power price sensitivity in 2015 and I know you're 100% hedged out this year, but is there any, sort of, residual sensitivity there from your peaking plants?

STUART LEE: So you do have some sensitivity, again, associated with the gas assets and, clearly, higher prices being modestly favourable. Again, as I mentioned earlier in one of the questions, the sensitivity is much lower than it has been in prior years because the base load is effectively fully hedged. As we move into 2015, we haven't provided that specific sensitivity and, if you look at historically, when we've been that hedged it's generally a couple of million dollars per dollar.

BEN PHAM: Is that on EBITDA, FFO, or something else?

STUART LEE: On EBITDA and FFO – it would be the same.

BEN PHAM: Ok, and just lastly – your 95% availability, just, uptick there – just want to know what's driving that increase? I know your coal outages are the same versus last year so, maybe it's just new wind coming on?

STUART LEE: It's the fact that you've added new wind assets at high capacity factors; it's a function of fact that the New England assets had a slightly lower availability factor; and it's our expectation that reliability will continue to improve under the programs that we've implemented over the last couple of years.

BEN PHAM: Ok, got it. Thanks everybody.

OPERATOR: All right. And next there's a question from Matthew Akmam from Scotia Bank. Please go ahead, Matthew.

MATTHEW AKMAM: Thanks very much. Brian, I wonder if you could just describe the status of G4 and G5 as to the outlook for its commercial terms and whether this project is a green light? It's just a matter of, kind of, terms and conditions with Enmax or whether you're still waiting on some indication of contracts on it or market price outlook and other competitor proposals?

BRIAN VAASJO: So Matthew, I guess to look at it at a high level but to touch on all those issues. We absolutely expect to be going ahead with Genesee 4 and 5. Market conditions will determine when is the best time for those units to come into the marketplace. We've been talking about a range of completion between 2018 and 2020 and, certainly, the splitting of what we had called before the Capital Power Energy Centre, which was a 2-on-1 to, basically, two 1-on-1's gives us increased flexibility to land those units in the market at an appropriate time. We're extremely confident in terms of our partnership with Enmax on those units and I think, as we indicated, those discussions are going very, very well. But I think, also, going back, we've indicated to the market, that whether or not there's any hedging associated with those assets, we would be prepared to go ahead on a fully merchant basis. So, that tends not to be an issue associated with us going ahead with Genesee 4 and 5.

MATTHEW AKMAM: Ok, so it sounds like the main issue is really still around timing?

BRIAN VAASJO: Yes, and when the market needs the units.

MATTHEW AKMAM: Ok. Thanks very much.

OPERATOR: All right. And we don't seem to have any further questions in the queue at the moment.

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

OPERATOR: Ladies and gentlemen, this concludes Capital Power's fourth quarter 2013 conference call. Thank you for your participation and have a nice day.

[TRANSMISSION CONCLUDED]