

CAPITAL POWER



TD Securities
Canadian Clean Power Forum

Brian Vaasjo, President & CEO
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Recent developments

On Aug 28/13, announced an agreement to sell New England assets for US\$541M and a refocusing of merchant power business on Alberta only

- Transaction expected to close by 2013 year-end
- Sales proceeds redeployed to reduce merchant risk profile and provide more predictable earnings and cash flow
- Merchant and trading activities in Alberta-only; pursue growth in contracted development & acquisition opportunities across North America
- Expect to record \$10M restructuring charge in Q3/13
- Net of expected trading margins and excluding sale of New England facilities, annual cost savings of \$25-\$30M from business refocusing; increase in EPS and CFPS by \$0.20-\$0.25 and \$0.25-\$0.30, respectively

Asset divestiture and a refocusing of business is accretive to 2014 financial results

Overview of Capital Power

Independent power producer (IPP)

- Trading on TSX (CPX); ~\$2.0B diluted market cap; attractive dividend yield of ~6.0%
- IPO in mid-2009 from spin-off of power generation assets from EPCOR
- EPCOR continues to sell down interest from 72% to 29%

Straight-forward business model

- Contracted cash flow base
- Significant contracted and merchant investments in Alberta power market (the most attractive market in North America)
- Alberta merchant upside

High-quality generation portfolio

- Young and modern fleet with current generation of more than 3,600 MW
- Average age of 12.5 years
- Current generation focused on natural gas, coal and wind

Proven operating, construction and trading history

- 4-year average plant availability of 92%; targeting 93% for 2013
- Significant experience in construction and operation of thermal and renewable wind facilities
- Alberta trading reduces volatility and optimizes cash flow

Growth initiatives

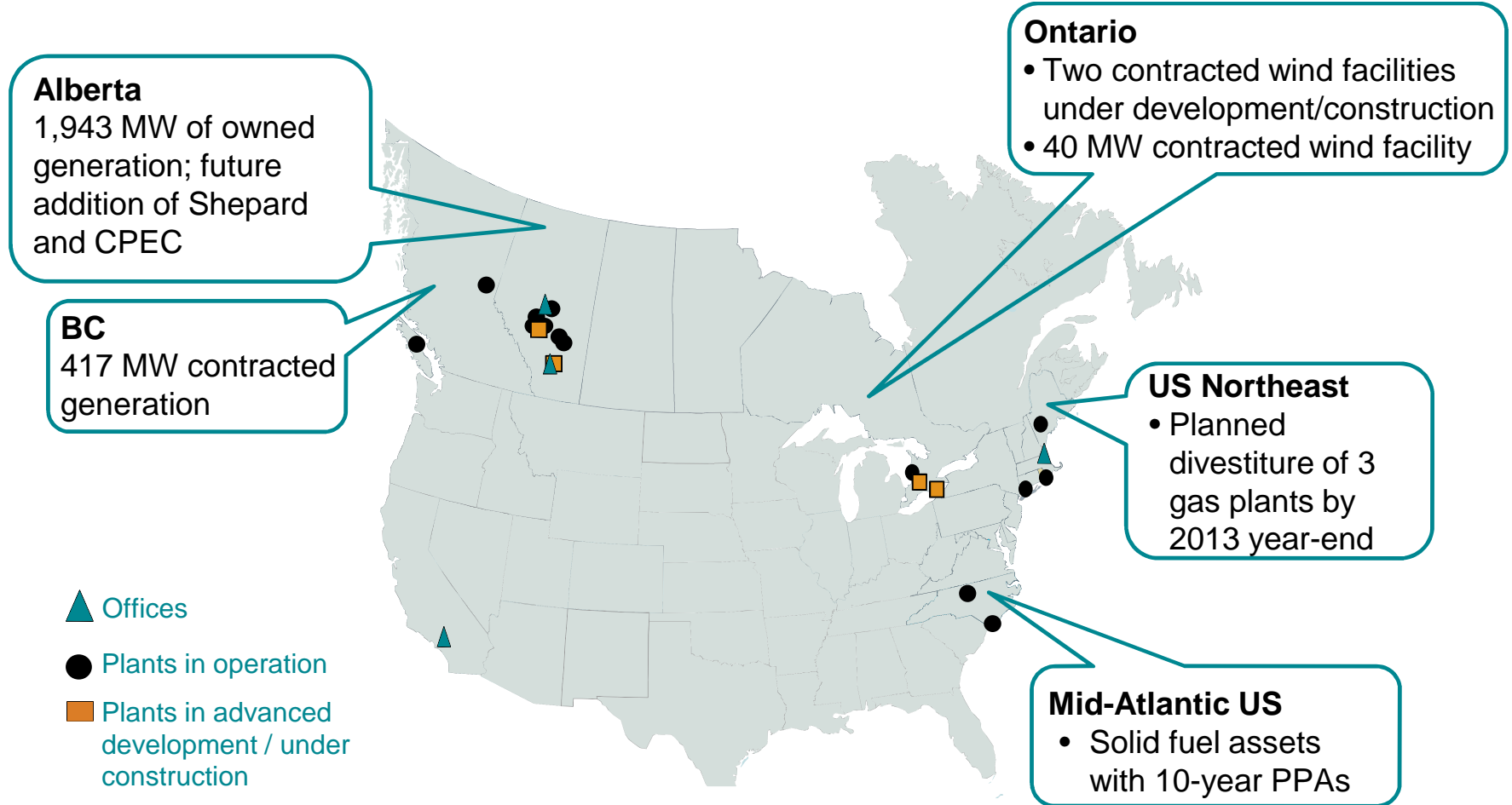
- Two Ontario wind projects (Port Dover & Nanticoke, K2 Wind)
- Two Alberta natural gas facilities (Shepard, Capital Power Energy Centre)
- Greenfield development pipeline
- No equity financing requirements

Financial strength and strong cash flow generation

- Investment grade credit rating from S&P and DBRS
- 10% CAGR of discretionary cash flow from 2010-12
- Substantial discretionary cash flow

North American footprint

Ownership interest in 12 facilities with more than 2,500 MW⁽¹⁾



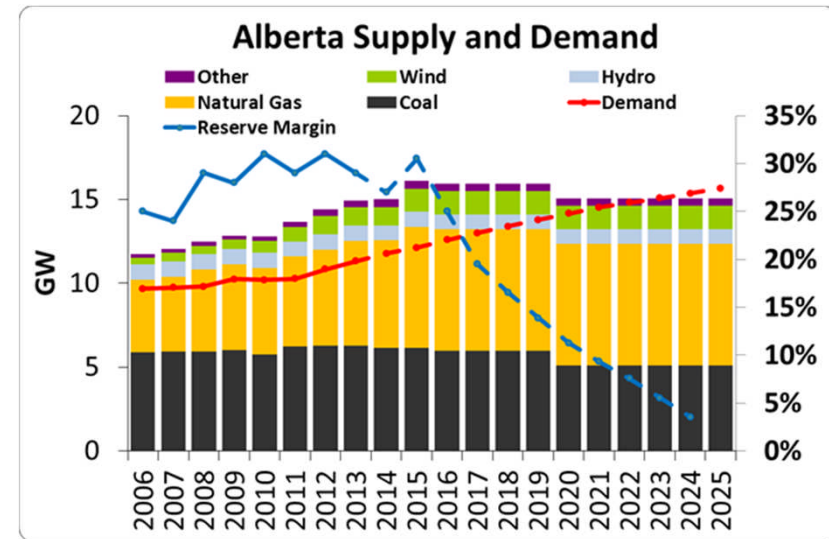
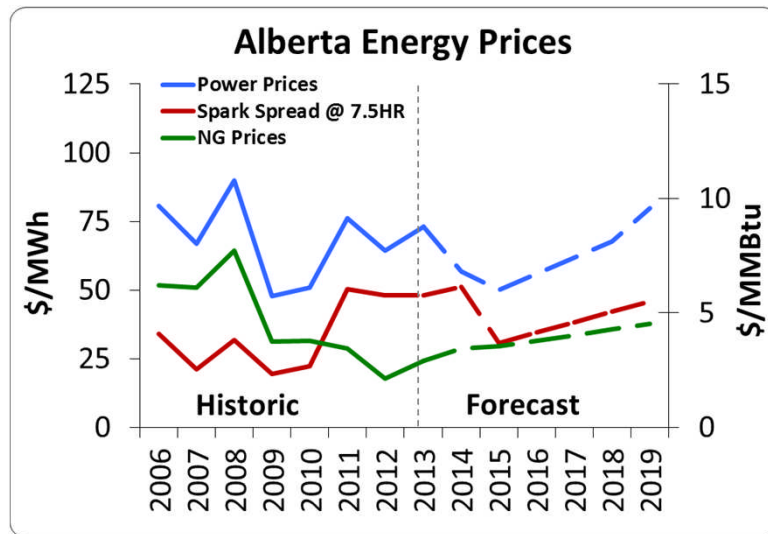
(1) Based on MW owned capacity as of August 30/13; excludes Sundance PPA (371 MW) and Clover Bar Landfill Gas (4.8 MW); assumes divestiture of three US Northeast assets (1,089 MW).

Alberta market

AB market design expected to continue to provide timely pricing signals for the addition of new supply

Forecast spark spreads above historical average⁽¹⁾

Projected reserve margin signals the need for new capacity in the 2017-2020 timeframe⁽¹⁾



“Alberta’s future power demand outlook is also fairly robust, especially compared with that of most other jurisdictions in North America, because of a strong provincial economy; a growing population from inward migration; and anticipated high growth in the energy sector, especially for shale gas, tight oil, and oil sands production.”

— (IHS CERA, Sept/12)

(1) Source: AESO and CPC Estimates - Sept/13

Shepard Energy Centre

Excellent fit with our strategy, strengthens our position in Alberta, provides stable cash flows

- 20-year tolling agreement on 50% of owned capacity with ENMAX
- Additional 25% contracted for 2015-17 which increases cash flow certainty during an expected period of low pool prices in Alberta
- Additional cash flow certainty created by hedging Capital Power's existing portfolio by 100 MW in 2013, 300 MW in 2014 and 100 MW in 2015
- \$860M capex budget (Capital Power's portion)
- Will add the most efficient natural gas power production to the province



Capital Power Energy Centre

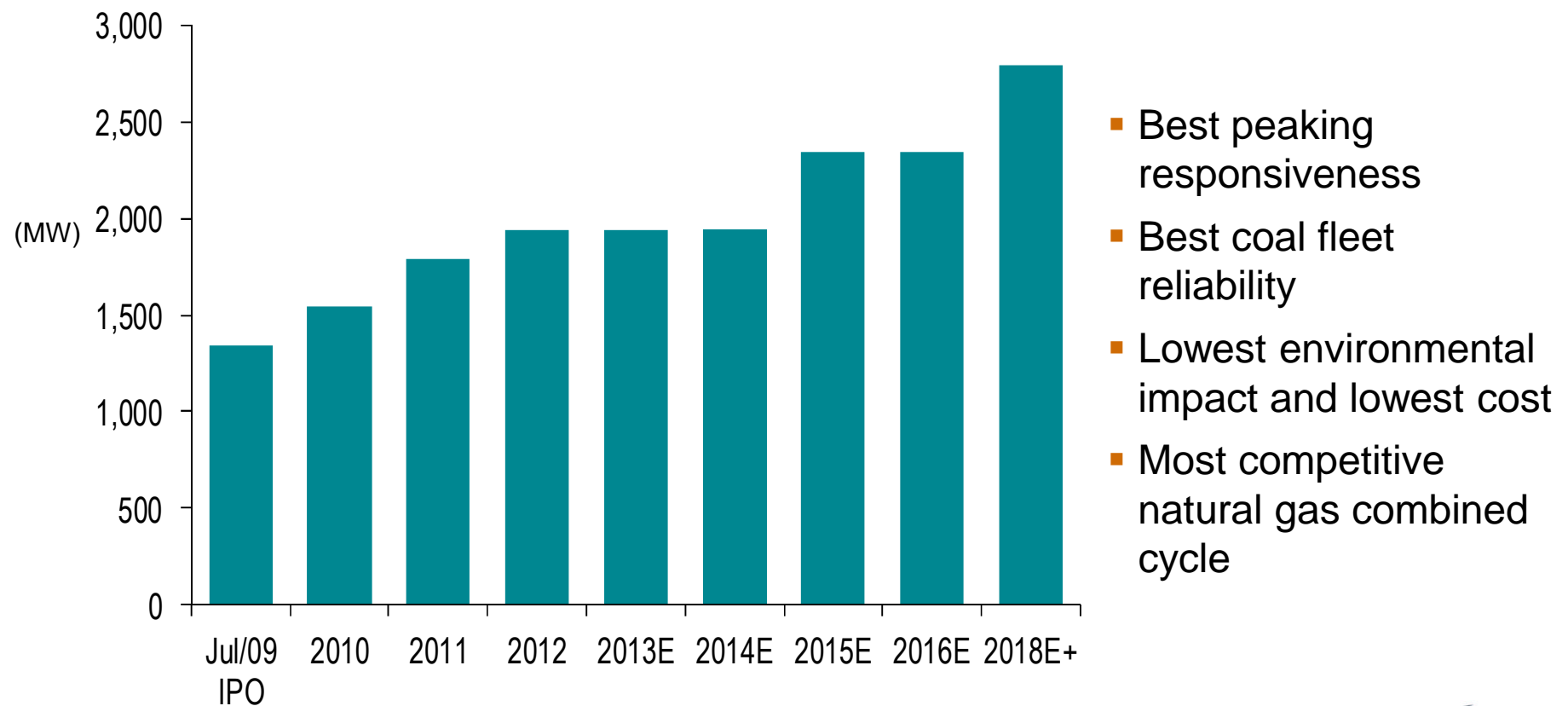
Actively following process to build a large (up to 900 MW) gas-fired power generation facility in the 2018-2020 timeframe to meet AB's power needs

- Expect to finalize and announce a partnership agreement for the project in Q4/13 and file an application with Alberta Utilities Commission (AUC) before the end of 2013
- Approval from the AUC expected to be received in the first half of 2015
- Full notice to proceed expected anytime after AUC approval up to the end of Q2/16, depending on expected commercial operating date chosen
- Currently reviewing various gas turbine technologies to determine the best fit for the AB market
- To be built on a site near our Genesee facility west of Edmonton, which has existing infrastructure, utilities and close proximity to gas pipelines and transmission



The best fleet in the fastest growing power market in North America

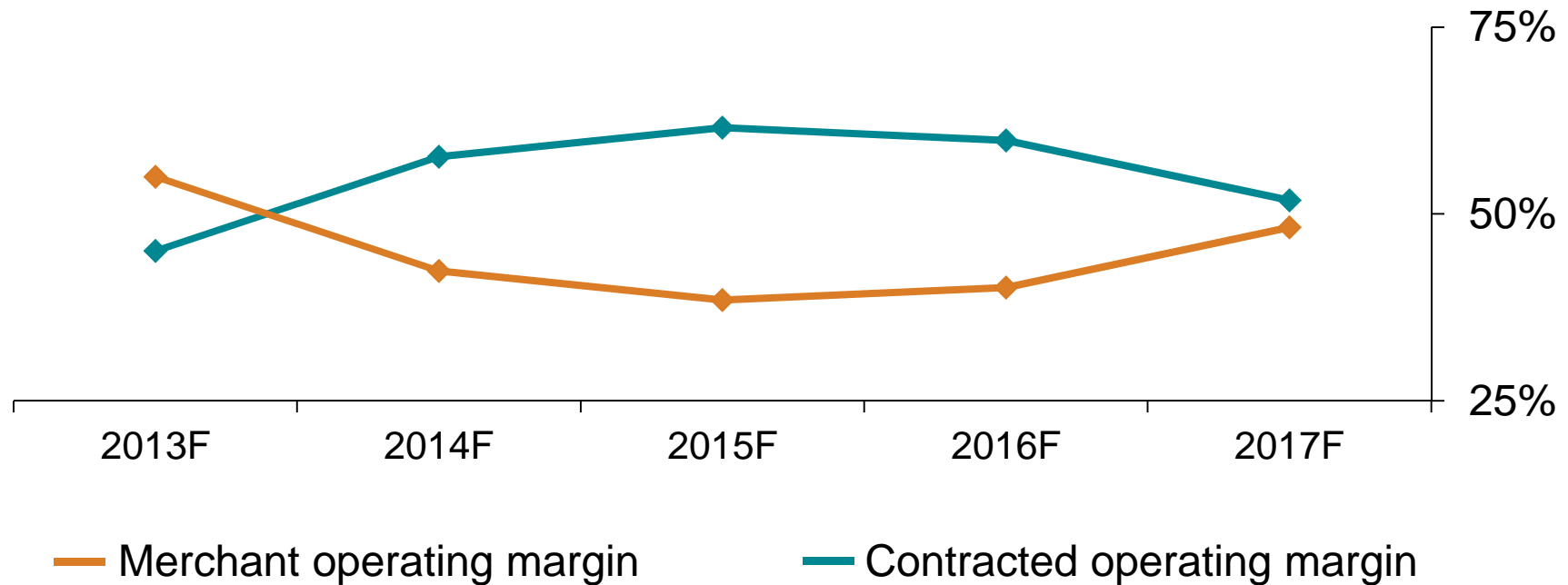
With investments in Shepard and CPEC facilities, Capital Power will own high-quality baseload, mid-merit, renewable and peaking generation in Alberta providing more flexibility than any other power portfolio in the province.



Focus on contracted margins

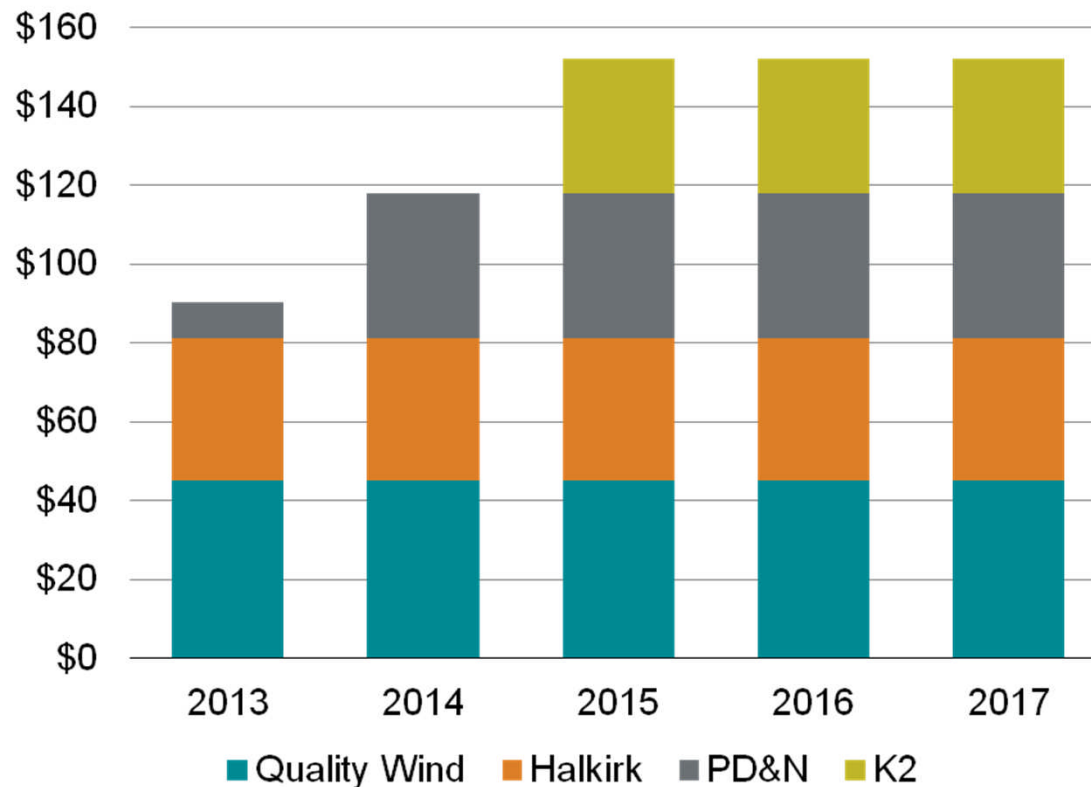
- Sale of the US North East assets improves the Contracted operating margin relative to merchant operating margin
- A focus on merchant operations in Alberta will provide upside as the Alberta supply-demand balance tightens over the longer term

Contracted vs. Merchant mix



Investments in contracted wind will generate significant incremental cash flow

Forecast cash flow from wind projects (\$M)



- 487 MW of owned generation in four wind projects forecast to provide \$150M - \$155M in annual cash flow before financing
- Strong accretion of ~\$0.90 - \$0.95 in cash flow per share, and ~\$0.35 - \$0.40 in earnings per share

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