

2014 CORPORATE RESPONSIBILITY REPORT

THE POWER OF STABILITY




Capital Power





➤ We know we are on
the right path to be one of
the most respected power
generation companies
in North America.



➤ It is our employees' commitment –
their expertise and drive – that has built
Capital Power's stable foundation.

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2014 HIGHLIGHTS & ACHIEVEMENTS

ECONOMIC RESPONSIBILITY

29%
OF ALBERTA'S
NEW POWER
GENERATION

We are investing in the power generation our communities need to make the **transition to a cleaner future**, and power economic growth.

■ We invested \$2.9 billion to develop 1,300 megawatts (MW) of new Alberta power generation since 2004.

■ We partnered with ENMAX to build an additional 800 MW of state-of-the-art natural gas-fired generation to replace coal units that will retire by 2019.

■ We made substantial progress building Ontario's largest wind farm, the 270 MW K2 Wind in partnership with Pattern and Samsung. When operational in spring 2015, Canada will surpass 10,000 MW of installed wind energy capacity, enough to power over 3 million homes annually.

■ We are Alberta's leading developer of new power generation, responsible for 29% of capacity added since 2004, and have an additional 545 MW of owned capacity under construction or advanced development in Alberta and North Carolina.

95%
AVAILABILITY

Our operations **achieved 95% availability in 2014** – a level of dependability that is essential to the customers we serve.

■ Our leaders and employees are committed to operational excellence and high maintenance standards to achieve superior plant availability.

■ High plant availability provides ongoing, dependable power generation for the reliability of the whole electricity system, one that homes and businesses rely on to keep the lights on every day.

7.9%
DIVIDEND
INCREASE

We're **delivering stable and growing returns to shareholders**, even in a time of low power prices.

■ We increased our dividend 7.9% in 2014.

■ We reduced corporate expenditures by 31%, or \$37 million, as Alberta entered a downturn in power prices.

50
BEST
CORPORATE
CITIZENS

We were named **one of Canada's 50 Best Corporate Citizens** for the fourth year running.

■ Being named one of Canada's 50 Best Corporate Citizens by Corporate Knights is a tribute to the work of our employees – and a signal to prospective employees,

investors and the communities where we do business, that we live our values every day, and conduct our business responsibly.

ENVIRONMENTAL RESPONSIBILITY

16%
RENEWABLES

At the end of 2014, 16% of Capital Power's electricity production was **from renewable sources**.

9.9%
DECREASE

The greenhouse gas (GHG) intensity of our Canadian operations is on a downward trajectory. **Emissions intensity decreased 9.9%** between 2011 and 2014.

60%
BY 2030

We supported federal regulations that **will shut down 60% of Alberta's coal-fired power by 2030**.

1.7
MILLION

To address the immediate challenge of climate change, we **offset 1.7 million tonnes of GHG emissions** from our operations in 2014 (17%).

REDUCED BY
57%

We **reduced mercury emissions** by 57% since 2011.

RECLAIMED
33%

We have **reclaimed 33% of the Genesee Mine**, and are creating new sustainable forest eco-systems.

■ We invested \$1.2 billion to build new wind farms in Alberta, B.C. and Ontario.

• We increased our wind capacity by 21% in 2014.

• We have gone from 102,000 MWh of wind power in 2011 to 1,221,000 MWh in 2014.

■ We continue to invest in new renewables and development opportunities:

• **K2 Wind:** At peak construction in 2014, approximately 400 people worked to build the 270 MW wind project.

• **Acquisition of Element Power:** A 50 MW operating wind facility and 14 renewable energy development sites to build new renewables across the U.S. By 2015 we were developing our first solar project.

■ Biomass and tire-derived fuel consumption increased by 10% and 40%, respectively, in 2014, displacing coal consumption, and reducing GHG emissions.

■ We set the GHG intensity from our Canadian operations on a downward trajectory primarily through the addition of new renewables and the latest generation of natural-gas-fired technology.

• Every planned addition to our fleet is focused on natural gas and renewables, which will lead to further reductions in our GHG intensity.

■ Offset 1.7 million tonnes of our 9.86 million tonnes in GHG emissions – or 17% of our total emissions.

■ Specified Gas Emitters Regulation offset projects – we retired 700,000 tonnes of offsets from Alberta-based GHG offset projects, and invested another \$10 million in Alberta projects.

■ Additional work on mercury capture at our Genesee Generating Station, decreased coal consumption, and updated emission factors at our North Carolina facilities, helped cut mercury emissions by 57% since 2011.

■ Worked with our joint venture partner, Westmoreland Coal, to reclaim 33% of the total surface area at the Genesee Mine, and we are developing new approaches to create sustainable forest ecosystems on the site, funding

scientific research and field studies, and planting 30,500 trees in 2014.

■ Ongoing monitoring and protecting of air, water and wildlife is underway in the Genesee-Wabamun region.

■ Long-term biomonitoring at our Genesee facility is one of the largest programs of its kind in Canada. Since 2004, its air, water and wildlife studies have found no significant changes in natural water bodies or air ambient quality.

SOCIAL RESPONSIBILITY

ZERO

We achieved **major improvements in workplace safety and environmental performance**, on our journey to Zero injuries.

- We had our best safety performance to-date exceeding our stretch Total Recordable Injury Frequency (TRIF) target of 0.77 with an actual TRIF of just 0.16.

\$32

MILLION
IN TAXES

We made **significant contributions to the capacity of local governments** to provide essential services in the communities where we operate.

- The Genesee Generating Station is the largest taxpayer in Leduc County, contributing \$6.3 million per year in property taxes. Genesee Units 4&5 will add another \$6 million to the tax base. The County's operating budget is \$89 million.

DONATED

\$1.0

MILLION

We lived our values, donating \$1 million to causes that **improve quality of life in the communities where we live and work.**

- In the community, we donated \$1 million to causes that improve quality of life in the communities where we work.

- We celebrated two milestones together – our five-year anniversary since our initial public offering and the 25th anniversary of our Genesee Generating Station.

40%

PARTICIPATION
IN 2014

Our **employees embraced lifelong learning and development**, and were recognized for their achievements.

- We are committed to lifelong learning and personal development. Forty per cent of our employees participated in formal internal or external learning programs in 2014.

- As a result of our employees' commitment and focus, Capital Power was recognized with Alberta Venture's Best Workplace Award for Training and Development.
- Thirty-six of our employees participated in MORE (Mentoring, Opportunities, and Real Experience program for women in Edmonton).

A photograph of three men walking along a dirt path in a dense forest. The man on the left is wearing a dark blue polo shirt and glasses. The man in the middle is wearing a yellow t-shirt with 'STERN DIV' and 'HL. DEPT' printed on it. The man on the right is wearing a light blue button-down shirt and glasses. The background is filled with tall trees and dappled sunlight.

PRESIDENT & CEO MESSAGE

THE POWER OF STABILITY

THE POWER OF STABILITY

MESSAGE FROM THE PRESIDENT AND CEO, BRIAN VAASJO

In 2014, Capital Power celebrated a number of milestones including our five-year anniversary, 25 years of operations at the Genesee Generating Station and being recognized as one of the “Best 50 Corporate Citizens in Canada,” by Corporate Knights magazine, for a fourth straight year. Our history, our practices and our focus on continuous improvement contribute to our success – socially, economically and environmentally.

We are committed to creating a healthy, safe, environmentally-responsible workplace for our people and strengthening the communities where we operate. We focus on zero injury, and work continuously to keep our facilities well-maintained and optimized for production, which reduces emissions. We invest in the health, wellbeing and development of our people and we give back by volunteering in our communities to support causes that foster citizenship and improve quality of life.

On behalf of all of us at Capital Power, we are proud to share our 2014 Corporate Responsibility Report, themed, the Power of Stability. With five years of continuous, steady growth, 25 years of operating history at the Genesee Generating Station, and awards in Best 50 Corporate Citizens in Canada and Best Workplace for Training and Development, we've proven what can be accomplished with the power of stability.

THE POWER OF OUR PEOPLE

We have outstanding people. Their expertise, commitment and strength of character, choosing ethics and integrity at the forefront of all that they do, have contributed to Capital Power being the strong and stable company it is today.

Together, we work to keep our facilities well-maintained and producing power efficiently and effectively. In 2014, we met our availability target of 95% and we are committed to maintaining a strong availability, which contributes to providing an ongoing power supply to businesses and households where we operate.

We work to foster healthy communities by engaging stakeholders and contributing to the quality of life in the communities where our people live and work. We listen to our stakeholders and work to build and operate our generation facilities in a way that aligns with the interests and priorities of our neighbours.

Each day, we work to create a workplace where people are supported, motivated and learning to be the best they can be. Investing in learning and development programs is one of the reasons we earned recognition as Alberta's Best Workplace for Training and Development by Alberta Venture in 2014.

THE POWER OF GIVING

We believe in participating in the communities where we live and work. In 2014, Capital Power matched employee volunteer time and provided \$57,000 in EmPowering Communities grants that supported their efforts. Employee donations to United Way topped \$170,000 – our corporate match and special event fundraising took this total up to \$380,000.



Brian Vaasjo
PRESIDENT AND CEO



THE POWER OF ZERO INJURY

By working together, we have proven we can work safely, prevent injuries and go home at the end of our work day in the same condition that we arrived... and that's what our "Zero means everything" campaign is all about. In 2014, we achieved our best safety performance to-date, placing Capital Power in the top percentile of our industry and earning us two coveted safety awards from the Canadian Electricity Association.

THE POWER OF RENEWABLE ENERGY AND STATE-OF-THE-ART POWER GENERATION

We manage our environmental footprint, invest in state-of-the-art technology and renewable sources of energy, and have an environmental offsets market team that is an industry leader.

Since November 2012, Capital Power has added investments in renewable energy totalling approximately \$1.2 billion and added four wind projects to our generation portfolio, increasing our renewable energy capacity more than tenfold. This growth includes our acquisition of Element Power US, LLC in December 2014, with 10 wind and four solar development sites across the United States and Macho Springs, a 50 MW operating wind facility in New Mexico. Construction of our first solar project, Beaufort Solar, is underway and is expected to be complete in December 2015. The 15 MW solar project, located in North Carolina, is fully contracted with a 15-year Power Purchase Arrangement.

Most recently, K2 Wind was brought into operation in spring 2015, which added 90 MW of owned wind capacity to our growing renewable energy portfolio.

In 2014, Alberta Venture named Capital Power

Alberta's Best Workplace for Training and Development.

We're investing in state-of-the-art technology and building new projects with less carbon-intensive fuels to replace generation from expected coal unit retirements in Alberta. We are working to build Genesee Units 4&5 in a joint venture with ENMAX. The facility will use the latest high-efficiency gas turbine technology, resulting in higher efficiency and about a 4% reduction in CO₂ and NO_x emissions compared to previous generation technology.

Additionally, we have invested more than \$100 million in permanent environmental carbon offsets over the past decade, which are registered, audited and verified by independent third parties. Our successful track record in creating, buying, and selling environmental offsets helps decrease the carbon footprint from power generation while supporting the responsible development of the carbon trading market in Alberta and other North American jurisdictions.

HOW ARE WE DOING?

Our business touches many different stakeholders, and we are open to feedback from all. We encourage you to let us know how you think we're doing and to provide your thoughts on how we can improve our business operations.

Thank you for your interest in Capital Power. We look forward to hearing from you.






ABOUT CAPITAL POWER


THE POWER OF PERFORMANCE

ABOUT CAPITAL POWER AT-A-GLANCE

OUR COMPANY

We produce power in North America—reliably, competitively, and responsibly. Established in July 2009, Capital Power (TSX: CPX) is a growth-oriented North American power producer headquartered in Edmonton, Alberta, Canada.

 **OUR VISION:** to be recognized as one of North America's most respected, reliable, and competitive power generators.

 **OUR MISSION:** is the development, acquisition, construction, operation, and optimization of large-scale, fuel-diverse, cost-effective power generation facilities in North America.

AS OF DECEMBER 31, 2014, WE:

- Owned more than **2,600 MW** of power generation capacity at 15 facilities in Canada and the United States
- Held rights to **371 MW** of production through our interest in the Sundance Power Purchase Arrangement
- Were constructing an additional **490 MW** of owned generation capacity in Alberta and Ontario.

IN THE FIRST HALF OF 2015, WE COMMISSIONED:

- The **Shepard Energy Centre**, a natural gas facility jointly owned with ENMAX Corporation
- The **K2 Wind project**, a partnership with Samsung Renewable Energy Inc. and Pattern Renewable Holdings Canada ULC.

KEY FACTS

698

employees



15

facilities throughout
North America



2,600+MW

of owned power
generation capacity



10_{wind} and 4_{solar}

sites acquired to comprise
a portfolio of renewable
development sites in the U.S.



STRATEGY

Our strategy will help us achieve our vision to be recognized as one of North America's most respected, reliable, and competitive power generators.

Our strategy is refined in consultation with management and our Board of Directors. The Board of Directors annually reaffirms and approves the strategy.

Management also submits an annual corporate plan to the Board of Directors for review and approval. The plan outlines management's objectives as well as the initiatives required to execute Capital Power's strategy. This plan serves as the foundation for departmental plans.

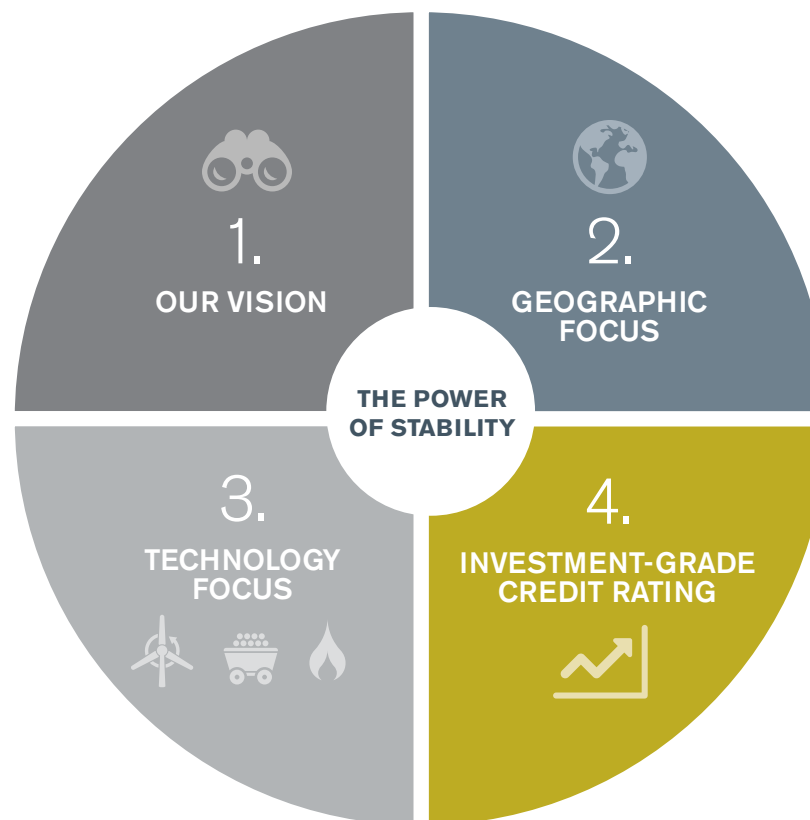
STRATEGIC FOCUS

Our strategy is focused on:

- 1. OUR VISION:** Become one of North America's most respected, reliable, and competitive power generators.
- 2. GEOGRAPHIC FOCUS:** To manage overall portfolio risk and generate growth, we will maintain an investment focus in non-contracted assets in the Alberta market only and will seek to develop contracted opportunities across North America.
- 3. TECHNOLOGY FOCUS:** A technology focus that includes developing and operating a limited number of power generation technologies, which builds expertise in operations, maintenance, and construction, and fosters stronger supplier relationships.
- 4. INVESTMENT-GRADE CREDIT RATING:** Maintaining an investment-grade credit rating through stable cash flows derived from a mix of contracted and non-contracted (i.e. merchant) assets and through a moderate business risk profile. This also allows Capital Power to access low-cost capital throughout the business cycle and provides shareholders with a competitive dividend.

CORPORATE STRENGTHS

- Modern power generating facilities with a proven operating history
- A solid platform for growth
- Stable, long-term contracted cash flow
- Consistent access to capital
- A diversified portfolio in North American markets



STRATEGY, CONTINUED

DELIVERING ON STRATEGY IN 2014

- Our non-contracted activities remain focused in Alberta in combination with a strong contracted base inside and outside of Alberta.
- The development of the Shepard Energy Centre in Alberta and K2 Wind in Ontario remained on budget in 2014. We increased our renewables portfolio through the acquisition of Element Power US, LLC which is comprised of 14 renewable energy development sites in the United States, including Beaufort Solar located in North Carolina. The acquisition also included Macho Springs, a 50 MW operating wind project in New Mexico. In 2015, Capital Power will construct the 15 MW Beaufort Solar project, which is fully contracted with a 15-year Power Purchase Arrangement.
- We successfully permitted Genesee Units 4&5, a joint venture with ENMAX Corporation, setting the stage for construction to begin.
- We increased our dividend by 7.9%, and maintained our investment-grade credit rating.

GROWTH

In 2015, Capital Power plans to complete three new power generation assets:

- **An 800-MW natural-gas-powered facility in Alberta**, (Shepard Energy Centre), is a joint venture partnership with ENMAX. It was commissioned on-time and under budget in March 2015 and it is operated by ENMAX.

- **A 270-MW wind farm in Ontario**, K2 Wind, is an equal joint venture partnership with Samsung Renewable Energy and Pattern Renewable Holdings. When K2 begins commercial operations in mid-2015, it will add another 90 MW of contracted cash flow.

- **A 15-MW solar project in North Carolina**, Beaufort Solar, will be our first solar project.

We continue to analyze opportunities to acquire or develop even more renewable power generation assets.

We will focus on natural gas and renewable generation assets in Canadian and U.S. markets and on developing Genesee 4&5, a large natural-gas-fueled generation facility in Alberta. Site preparation is expected to begin in 2015 with the first unit of the project expected to be complete in 2019.

DEVELOPING WIND POWER

With the addition of Macho Springs, and the completion of K2 Wind, Capital Power adds 140 MW of wind power to our renewable generation portfolio.



Macho Springs, New Mexico, USA

RESPONSIBLE GOVERNANCE

The Board is responsible for our stewardship. It provides independent leadership, overseeing our business, so we grow and sustain profits responsibly.

THE BOARD OF DIRECTORS TERMS OF REFERENCE

The Board is specifically responsible for:

- Management oversight and strategic planning
- Enterprise risk management
- Shareholder engagement.

The Board ensures that management's plans and activities are consistent with our values and support our vision.

At the end of 2014, the Board consisted of 11 directors, two of whom were nominated by EPCOR Utilities Inc. (EPCOR) pursuant to rights attached to the Special Voting Shares held by EPCOR, and nine of whom were elected by common shareholders at Capital Power's annual meeting in April 2014. The Board was led by a non-executive chair and was comprised of 10 men and one woman. Brian Bentz resigned from the Board in September 2014.

Capital Power recognizes and embraces the benefits of having a diverse Board of Directors, and sees increasing diversity at the Board level as an essential element in maintaining our competitive advantage. Greater diversity will offer us decision making inspired by a broad range in the skills, regional and industry experience, background, and gender of our Directors. In 2015, three new board members were elected or appointed: Patrick Daniel, Jill Gardiner and Kelly Huntington. Hugh Bolton, William Bennett and Richard Cruickshank did not stand for re-election at Capital Power's annual meeting in April 2015.



GOVERNANCE HIGHLIGHTS

We believe that effective governance is a major contributor to long-term performance and investor confidence:

- We maintain separate chair and CEO positions, so the Board can function independently, monitoring management's decisions and actions and effectively overseeing our affairs
- The majority of our Board (>81%) at the end of 2014 is independent
- The board has adopted a written code of business conduct and ethics and monitors our compliance with this code
- We have orientation and continuing education programs for our directors
- The Board adopted a new [Board Diversity Policy](#).

🔍 More governance details are available in our comprehensive [Corporate Governance Policy](#) and our [Management Proxy Circular](#).

2014 BOARD OF DIRECTORS

FRONT ROW (LEFT TO RIGHT)

Philip Lachambre
Peggy Mulligan
Donald Lowry
Brian Vaasjo
Albrecht Bellstedt
William Bennett

BACK ROW (LEFT TO RIGHT)

Richard Cruickshank
Hugh Bolton
Allister McPherson
Doyle Beneby
Brian Bentz
(resigned September 14, 2014)

THE POWER OF DISCUSSION

PUBLIC POLICY

In accordance with the *Federal Accountability Act*, we report all lobbying of Canadian federal and provincial Designated Public Office Holders (DPOHs) on a monthly basis.

In 2014, we participated in 25 meetings with DPOHs, primarily regarding greenhouse gas (GHG) and air emissions policy. We participated in discussions regarding:

- Capital stock turnover for coal-fired power plants
- Market structure
- Highway safety improvements
- GHG and other air emissions
- Electricity transmission policy in the jurisdictions where we operate.

We contributed no monies to Canadian federal political parties in 2014, 2013, or 2012. Total expenditures on various political events and fundraisers across all provinces in Canada in 2014, were \$29,475 (compared to \$46,133 in 2013, and \$32,319 in 2012).

🔍 Details related to GHG regulation and climate change, including estimates of potential compliance costs, are included in our [2014 Annual Information Form](#) beginning on page 24.



Our senior executives Brian Vaasjo and Jacquie Pylypiuk visited with shareholders, the Board of Directors and employees at our 2014 Annual General Meeting, hosted at the Art Gallery of Alberta.

THE POWER OF RECOGNITION

Capital Power earned external recognition for our accomplishments and commitment to sustainability, and being a good corporate citizen economically, socially and environmentally.

Recognition highlights for 2014 include:

➤ **National safety recognition from Canadian Electricity Association (CEA):** Capital Power was awarded with the CEA President's Award of Excellence for Employee Safety (bronze Level) for our Canadian operations as well as the CEA Vice-President's Award of Safety Excellence for Generation (bronze level).


➤ **CEA Lifesaving Awards:** In addition to the corporate awards (listed above), four employees were presented with CEA Lifesaving Awards for their actions to help save the life of a member of the general public.

➤ **Award for Innovative Support by a Business in the Arts:**

🔍 At the 27th Annual Mayor's Celebration of the Arts, we were recognized with the Award for Innovative Support by a Business in the Arts for our Capital Powered Art series. Capital Power was nominated for the award by our community partner, the Art Gallery of Alberta (AGA).

➤ **Participated in the Carbon Disclosure Project:** We received a disclosure score of 76 versus 74 in 2012 and a performance band score of C versus D in 2012 (we did not submit in 2013). A disclosure score of greater than 70 indicates that Senior Management understand the business issues related to climate change and build climate related risks and opportunities into business strategy. The performance score of band C indicates that there is some activity on climate change with varied levels of integration of those initiatives into strategy.





SOCIAL RESPONSIBILITY: EMPLOYEE & COMMUNITY COMMITMENT

THE POWER OF INVESTING IN OUR PEOPLE

THE POWER OF INVESTING IN OUR PEOPLE

SOCIAL RESPONSIBILITY: EMPLOYEE & COMMUNITY COMMITMENT AT-A-GLANCE

Our employees are the reason for our success – and the reason we have been recognized as one of **Canada's 50 Best Corporate Citizens** by Corporate Knights for four consecutive years.

We have a strong ethical base in everything we do, from our daily interactions internally to the relationships we build with shareholders and the communities surrounding our operations.


We strive for every interaction to reflect our commitment to transparency, honesty and always doing the right thing.

We are working toward a culture of true diversity and inclusivity, where we will be able to make better decisions as an organization, based on various viewpoints that will minimize the risk of group think.

To achieve our vision, we rely upon our people to work in alignment with our culture and specifically, our values:

- We are passionate about our business and safety
- We act with integrity
- We work together
- We are accountable
- We create and enhance shareholder value.


KEY FACTS



698 employees located
throughout Canada and the
United States



224 employees participated
in **24** training programs through the
Capital Power School of Business



39 employees celebrated
long-service milestones ranging from
5 to 40 years with the company



THE POWER OF ENGAGEMENT

We are constantly striving to become a better organization – more productive, profitable, integrated, and better managed.

Our commitment is to continue to develop Capital Power as an employer of choice in the markets we compete for talent. To do so, we must be attuned and responsive to employee needs. We need to understand our employees' perceptions of our policies, culture, work environment, employee development, and company vision. This will help us work toward our engagement journey goal to "Continue to make Capital Power a great place to work and build your career."

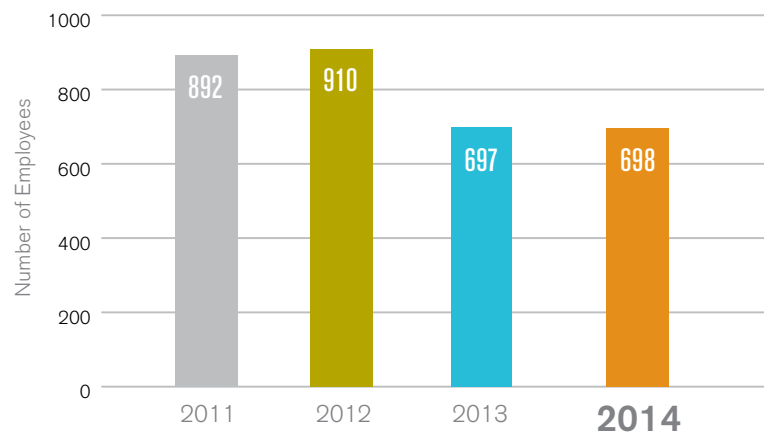
In 2014, we conducted an Employee Engagement Survey to examine the way we run our organization. We had an 89% response rate (target participation rate of 80%) and our overall engagement score was 68% against a Talent Map engagement benchmark of 67%. Capital Power is targeting a top quartile engagement score by 2016.

Employee
Engagement Survey:

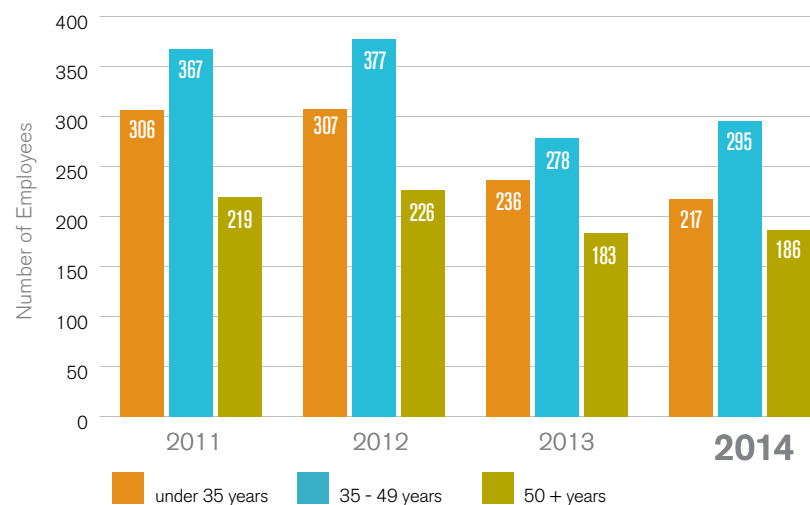
89%
response rate

OUR WORKFORCE

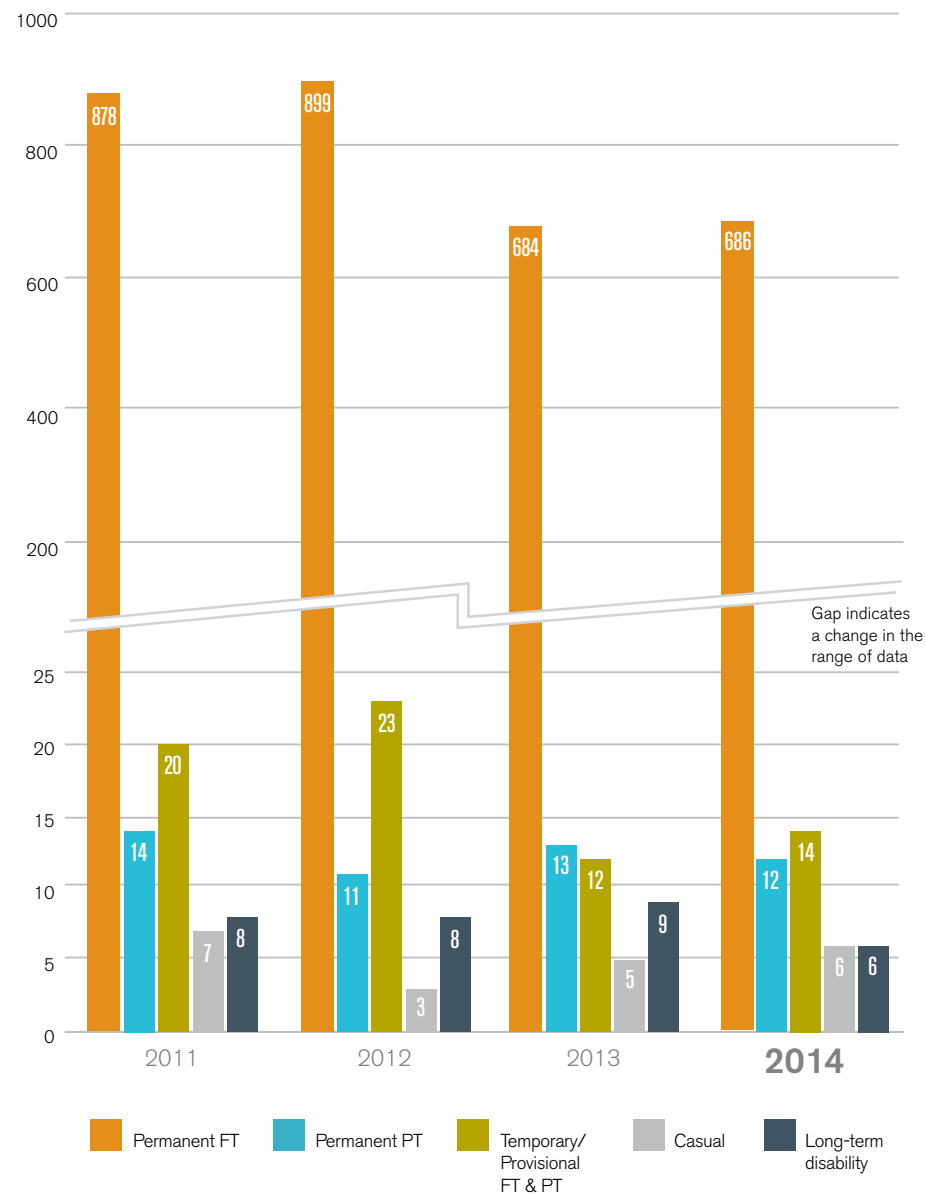
TOTAL NUMBER OF EMPLOYEES COMPANY-WIDE



AGE

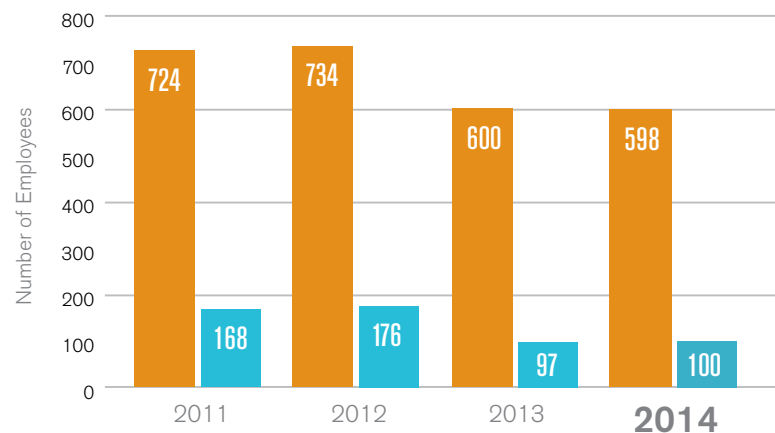


STATUS

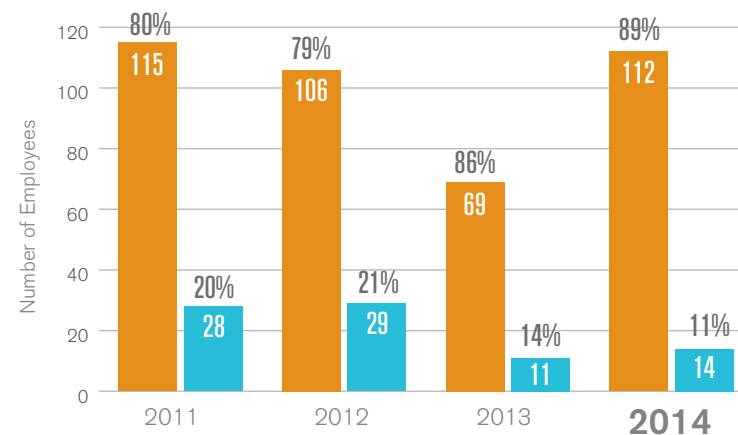


OUR WORKFORCE, CONTINUED

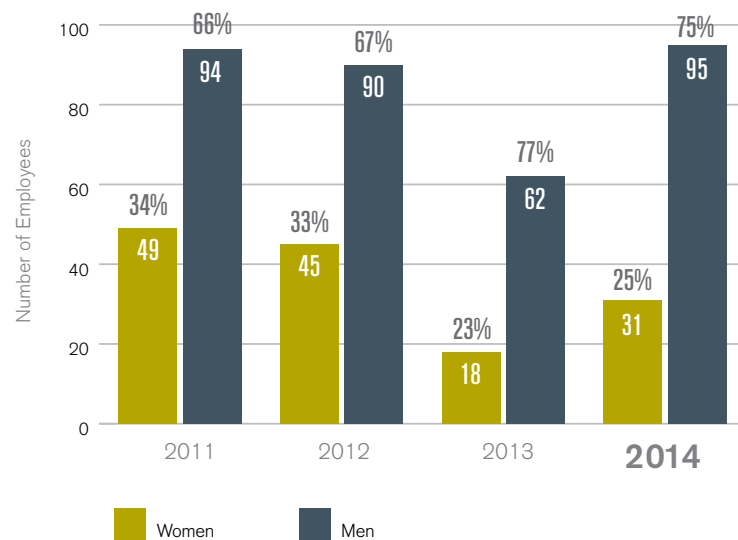
TOTAL NUMBER OF EMPLOYEES
IN CANADA AND IN THE U.S.



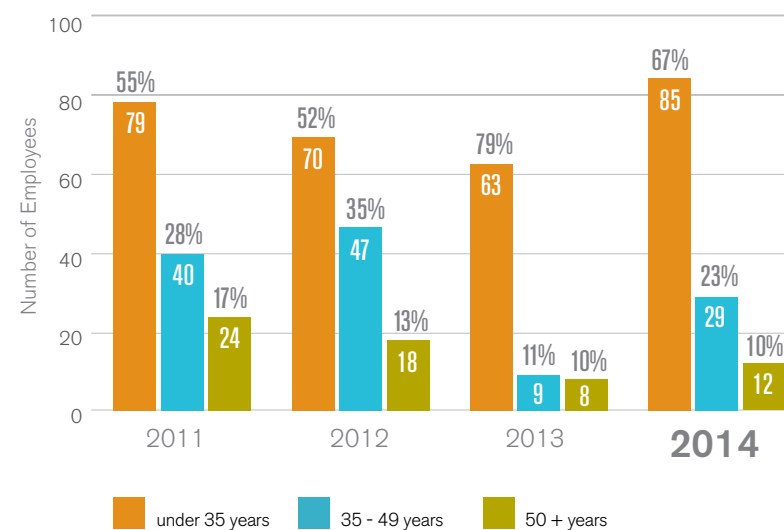
EMPLOYEE NEW HIRES – LOCATION



EMPLOYEE NEW HIRES – GENDER

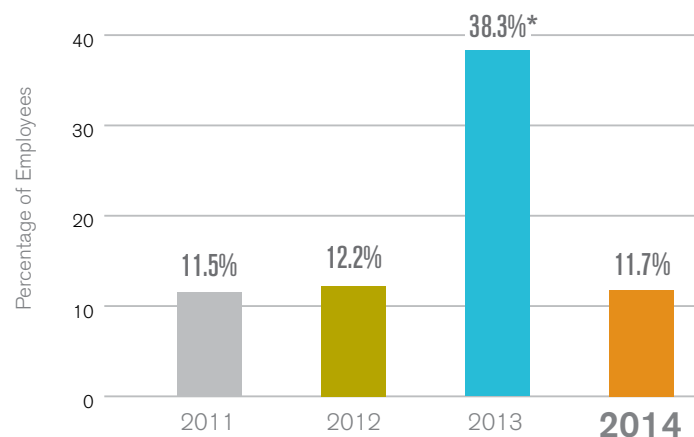


EMPLOYEE NEW HIRES – AGES

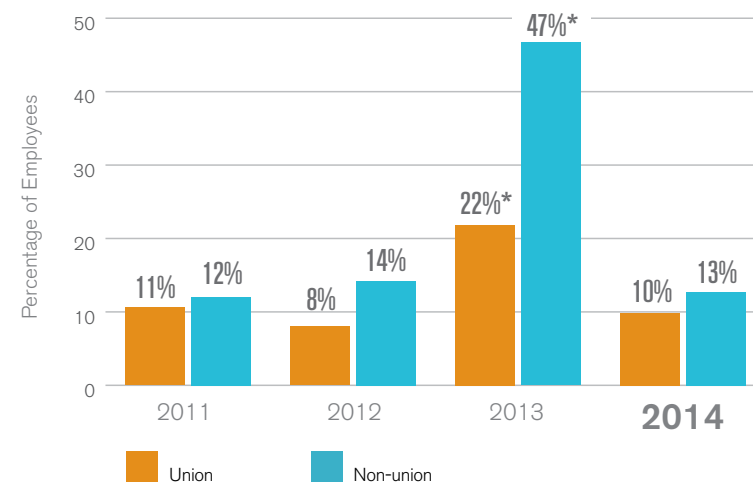


OUR WORKFORCE, CONTINUED

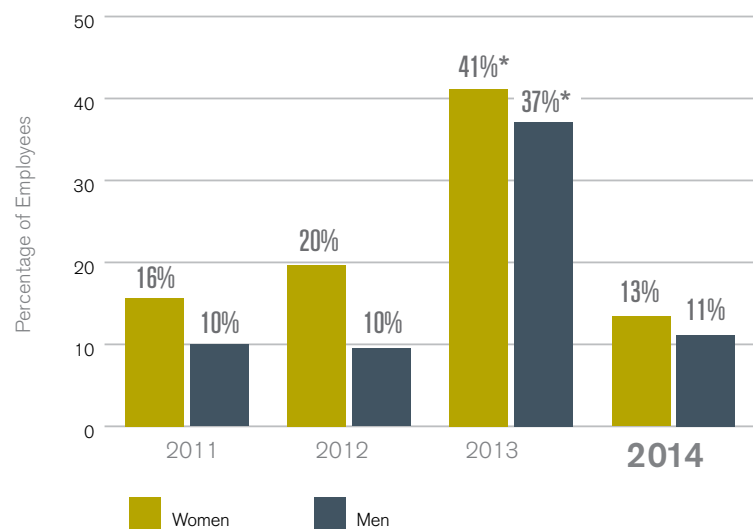
COMPANY-WIDE TURNOVER RATE



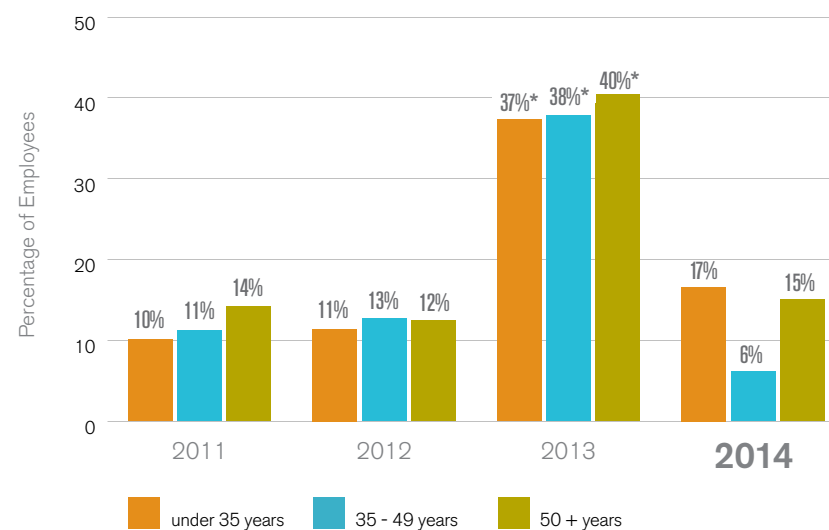
TURNOVER RATE – UNION VERSUS NON-UNION



TURNOVER RATE – GENDER



TURNOVER RATE – AGES



* Capital Power completed a company reorganization in 2013 which resulted in a higher turnover rate.

OUR WORKFORCE, CONTINUED

EMPLOYEE TURNOVER, CONTINUED

TURNOVER RATE – REASON

REASON	2011	2012	2013	2014
Dismissal	0.4%	1.0%	0.2%	0.7%
Gross misconduct (%)	—	—	0.3%	0%
Shortage of work (%)	0.0%	0.0%	0.1%	0%
Unsuccessful probation (%)	0.2%	0.1%	0%	0.1%
Resignation (%)	6.2%	5.6%	9.6%	5.9%
Retirement (%)	1.2%	1.0%	0.7%	2.0%
Other (%)	3.5%	4.5%	27.4%	3.0%

Employee turnover reason shows the contribution of each cause of turnover to the overall turnover rate on an additive basis. The employee turnover rate shows turnover rates within different segments of employees.

* Capital Power completed a company reorganization in 2013, which resulted in a higher turnover rate.

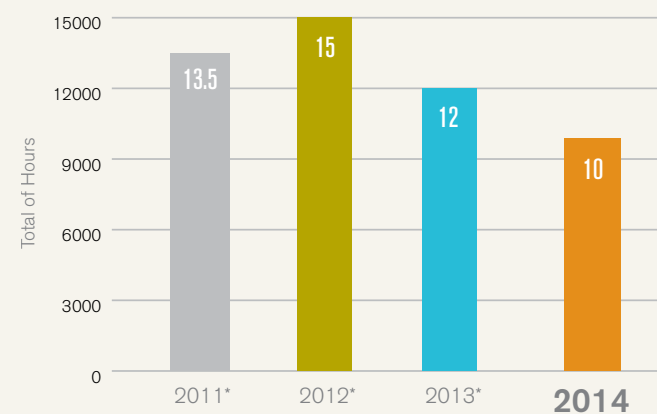
ABSENTEEISM

	2011	2012	2013	2014
RATES BY REGION (%)	2.7% or less in in all regions	1.6% or less in in all regions	Unavailable ¹	Unavailable ¹

¹ With information system upgrades completed in 2013, we no longer track absenteeism.



VOLUNTEER HOURS

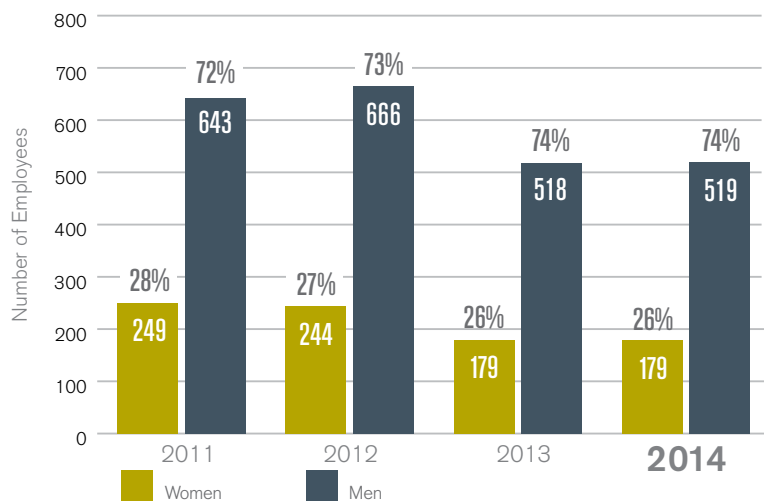


*These numbers include hours from our New England facilities. Capital Power's New England facilities were sold in November 2013.

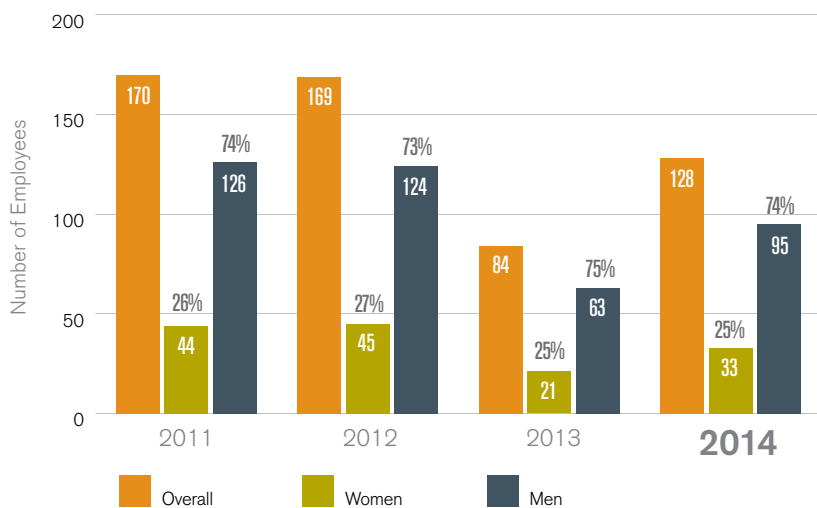
OUR WORKFORCE, CONTINUED

GENDER DIVERSITY

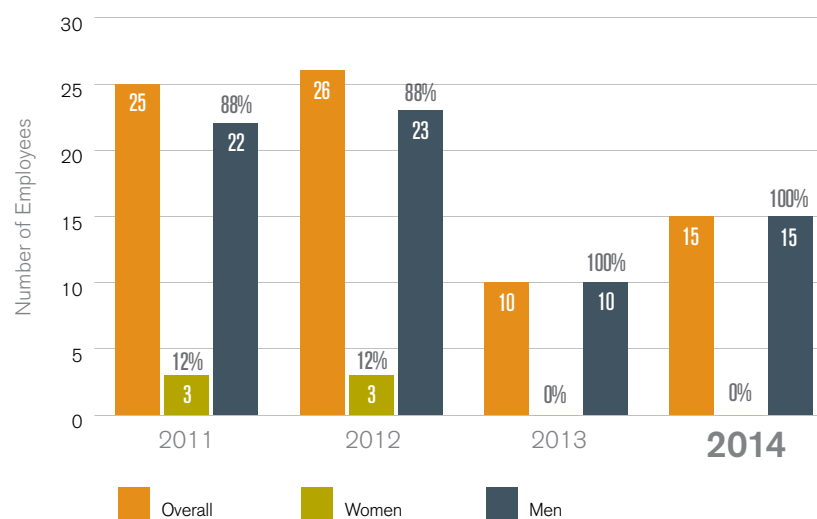
NUMBER OF EMPLOYEES BY GENDER



MANAGEMENT POSITIONS OVERALL IN CANADA



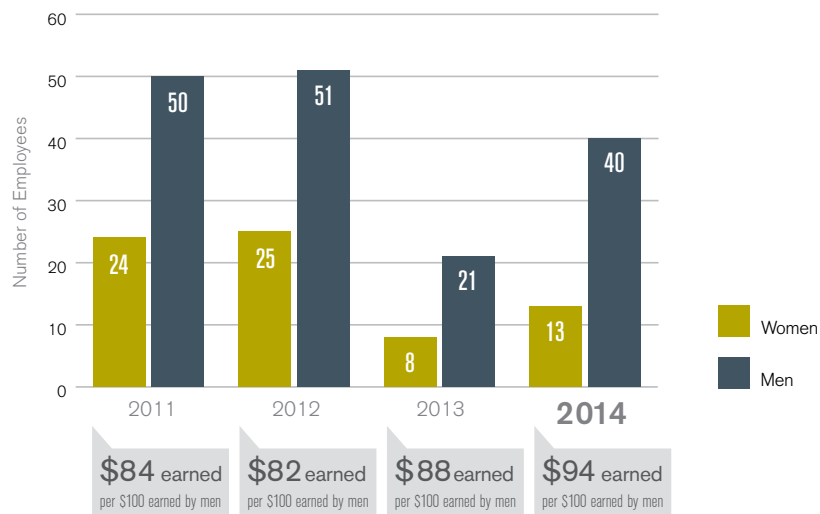
MANAGEMENT POSITIONS OVERALL IN THE U.S.



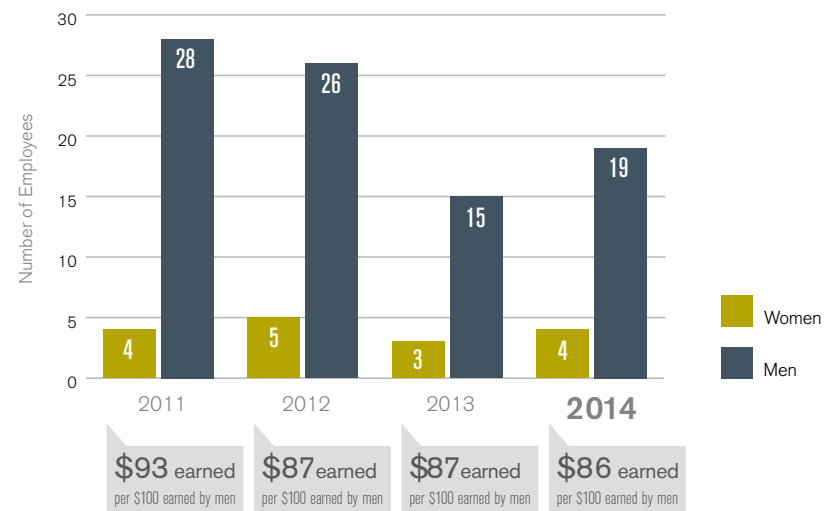
OUR WORKFORCE, CONTINUED

COMPARISON – WAGES

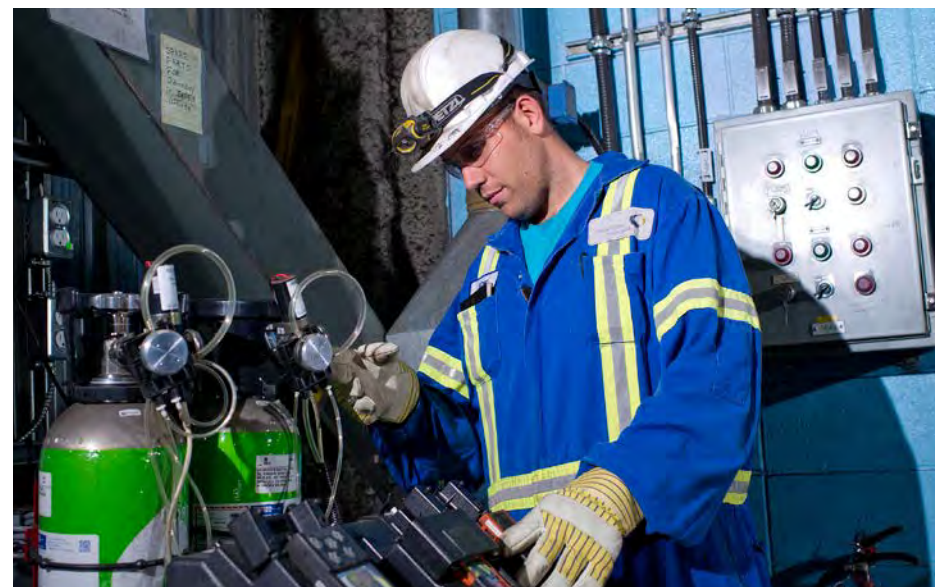
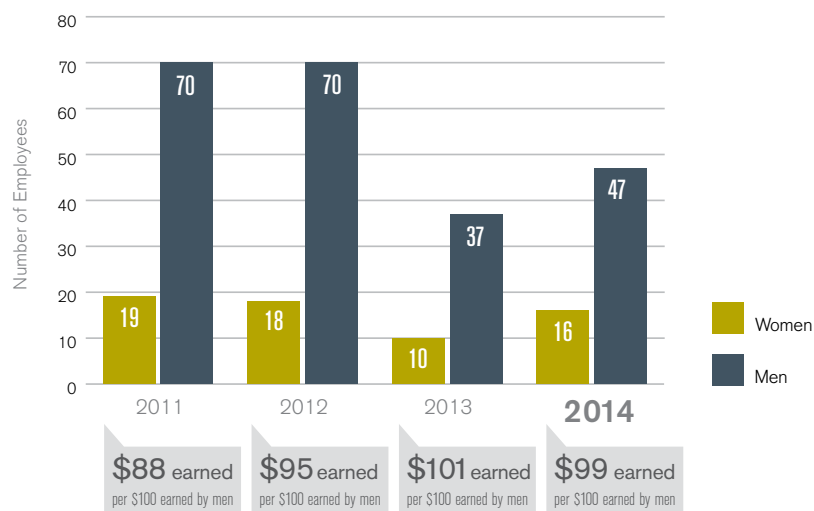
ENTRY-LEVEL MANAGEMENT



UPPER-LEVEL MANAGEMENT



MID-LEVEL MANAGEMENT

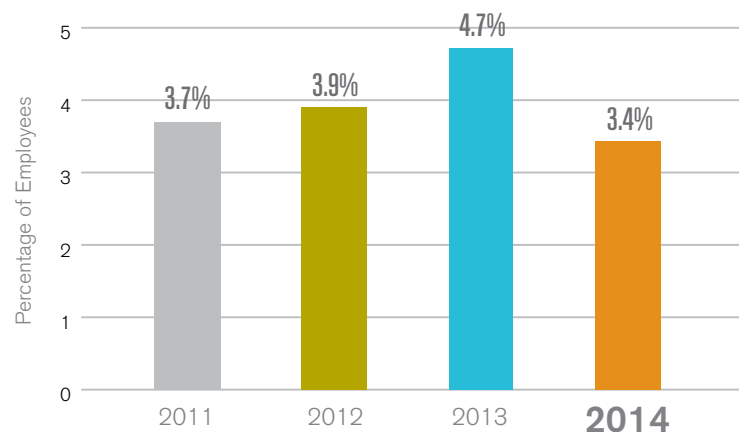


OUR WORKFORCE, CONTINUED

RETIREMENT

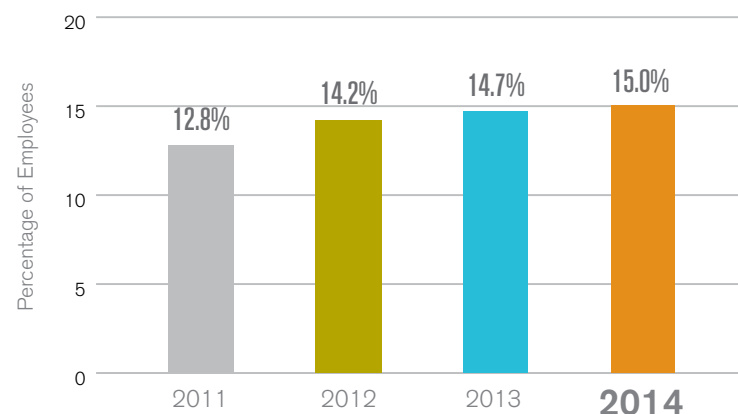
NUMBER OF EMPLOYEES ELIGIBLE TO RETIRE
IN THE NEXT 5 YEARS

5 YEARS

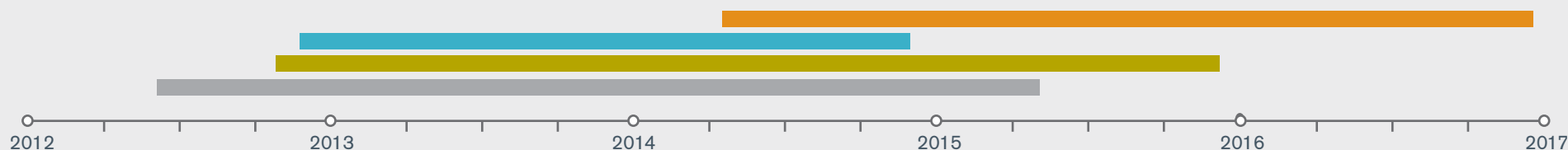


NUMBER OF EMPLOYEES ELIGIBLE TO RETIRE
IN THE NEXT 10 YEARS

10 YEARS



COLLECTIVE AGREEMENTS



We have positive working relations with three labour unions in Canada (one has two separate locals), which together represent approximately 39% of our labour force in Canada and approximately 34% of our overall workforce.

We have had zero days lost to strikes at Capital Power.* In 2014, four individual grievances were filed.

At the date of publication, Capital Power's collective agreements were:

- UNIFOR 829: March 28, 2014 to December 24, 2016
- CSU 52: Nov 18, 2012 to December 13, 2014
- IBEW 1007: Oct 21, 2012 to December 12, 2015
- UNIFOR 1123: May 1, 2012 to April 30, 2015

The minimum notice period for operational changes varies among the collective agreements. On average, employees receive a minimum of 24 hours' notice for a change in shift. The company can, however, direct employees with minimal notice during emergency situations.

More information about our collective agreements can be found in our [2014 Annual Information Form](#).

* Does not take into account a lock out at Island Generation in 2012.

COMPENSATION & BENEFITS

WAGES & COMPENSATION

	2011	2012	2013	2014
Employee wages and benefits (in \$)	\$111.2 Million CDN \$11.0 Million U.S.	\$117.5 Million CDN \$20.1 Million U.S.	\$110.5 Million CDN \$19.6 Million U.S.	\$104.6 Million CDN \$12.2 Million U.S.
Canada only	13% accessed Employee and Family Assistance Program (EFAP)	14% accessed Employee and Family Assistance Program (EFAP)	14% accessed the EFAP 79% accessed the Personal Spending Account (PSA)	21% accessed the EFAP 88% accessed the Personal Spending Account (PSA)
Employees that are members of a registered defined contribution plan in Canada	CDN – 273 (37.7%)	CDN – 317 (44.1%)	CDN – 254 (42.3%)	CDN – 322 (46.1%)
Employees that are members of a 401K plan in the U.S.	U.S. – 136 (81%)	U.S. – 145 (81.5%)	U.S. – 78 (80.4%)	U.S. – 112 (16.0%)
Canadian Employees that are members of Local Authority Pension plan (LAPP), a multi-employer defined benefit plan	446 (62%)	402 (55.9%)	338 (56.3%)	336 (48.1%)

COMPARISONS – WAGES

WAGES & COMPENSATION	2011	2012	2013	2014
% workforce paid more than minimum wage (national)				
Company-wide	100%	100%	100%	100%
Canada only	100%	100%	100%	100%
U.S. only	100%	100%	100%	100%
Difference between Capital Power's lowest starting wage and local minimum wage (Alberta)	\$11.01	\$10.44	\$7.99	\$7.74
# of employees earning lowest starting wage (national)				
Company-wide	3	6	3	4
Canada only	2	3	2	3
U.S. only	1	3	1	1

LEARNING & DEVELOPMENT

We align our Learning and Development programs with our business strategies, which include:

- Making our people and culture a competitive advantage
- Being an employer of choice.

We offer **ongoing training throughout the organization**, starting with our on-boarding program for new employees. All managers participate in our iLead Leadership program which offers an interactive learning opportunity for leaders to share learning and insight, and grow with others in a similar role. Employees gain new ideas, concepts and planning tools to apply on the job. Recently, we launched the Talent Development program which focuses on succession planning for leadership positions and development plans for all employees. This program identifies and assesses the performance of all individuals within the organization helping employees:

- Understand and leverage their key strengths
- Identify their key areas of opportunity for improvement
- Develop a plan to pursue their career aspirations within the organization.



This program allows us to:

- Fulfill employee's career development needs and aspirations
- Develop strong, capable and committed people within the organization that are prepared to accept and overcome greater challenges.

In 2014, we **continued to develop, pilot, and offer training programs to build the skill sets** that are essential for the success of our organization. We also evaluated **our courses for improvement**, using a robust course evaluation methodology to measure the impact of training on our employees' learning application and performance improvement.

INVESTING IN OUR PEOPLE



“At Capital Power we recognize that our strength as an organization in the long-term comes from the development of our people internally and our talent pipeline within the organization.”

— BRIAN VAASJO, PRESIDENT & CEO

CAPITAL POWER SCHOOL OF BUSINESS

Capital Power School of Business is designed to create a strong learning and development culture and provide an opportunity for employees to build and develop relationships with each other. Core programs and courses, such as leadership development and professional business skills, are offered to help set-up employees for personal success, which in turn enhances shareholder value and increases employee retention. A total of 224 employees went through Capital Power School of Business training in 2014

compared to 522 in 2013. Courses are run if registration reaches 60 per cent capacity and no classes were canceled in 2014. In 2013, there was a strong push encouraging all leaders to attend iLead courses so “people managers” were trained with the same skillset to help guide, coach and motivate team members, which resulted in a higher number of participants.

A total of **224**
employees went through
Capital Power School of
Business training

TALENT MANAGEMENT

In 2014, Capital Power implemented a comprehensive talent development program to ensure:

- The ability to identify, develop and retain talent and ensure a ready pipeline of leaders across the organization
- We have the right talent in place to meet our corporate objectives
- We can attract, develop and retain high valued talent
- Employees have positive development experiences as they progress.

INVESTING IN OUR PEOPLE, CONTINUED

STRONG START ORIENTATION AND ON-BOARDING PROGRAM

Our interactive Strong Start Orientation and on-boarding program welcomes new employees and gives them a foot forward in their first 100 days on the job. New employees complete an online e-learning course within their first week of employment, followed by the classroom or virtually-based "Connecting In" orientation. This session provides the opportunity to network, learn more about the company, and interact with our CEO or an Executive as they share and explain our vision, mission and values.

In 2014, 84% of permanent employee new hires completed Strong Start compared to 86% in 2013.

MORE: MENTORSHIP SUPPORTING WOMEN TO SUCCEED

We had another successful year of the MORE program (Mentoring, Opportunities & Real Experience), with 36 women participating in the 2014-2015 program year. Developed by Capital Power, MORE emerged to inspire up-and-coming professional women in Edmonton by connecting them with some of the most successful women in the city's business community. In 2014, Capital Power joined with other companies to inspire young professionals by providing individual mentorship relationships and six interactive group sessions for both mentees and mentors throughout the year.



I thoroughly enjoyed the MORE program. It gave me an opportunity to network with a number of strong, insightful women throughout various business sectors. During my MORE journey I developed a personal and professional relationship with my mentor whom has provided me with expertise in a variety of challenges and achievements I endure as a growing leader."

— MARISSA ZUKIWSKY, MANAGER, HUMAN RESOURCES

SKILLSOFT – ONLINE LEARNING FOR EVERYONE

Every employee at Capital Power has access to over 325 online courses, some requiring no more than one hour's commitment. In 2014, approximately 100 users accessed SkillSoft, participating in over 135 courses. Some of the more popular courses are:

- Microsoft Office
- Team Development
- Interpersonal Communication
- Managing Change
- Business Ethics
- Optimizing Work/Life Balance
- Improving Emotional Intelligence.

TRAINING TO THE TOP – iLEAD PROGRAM

Strong leadership benefits everyone at Capital Power. iLead is our customized leadership development program that builds our competitive advantage by establishing a rich, broad bench-strength around the theory and practice of leadership within our company.

Through distinct courses, iLead offers interactive learning opportunities for leaders to share learning and insights and to grow with others in a similar role. A total of 128 employees attended 10 iLead courses in 2014, compared to 170 employees at 14 iLead courses in 2013.

INVESTING IN OUR PEOPLE, CONTINUED

SUMMER WORK EXPERIENCE PROGRAM FOR STUDENTS

Every career deserves a solid start, which is why 29 summer students gained valuable work experience through the second year of Capital Power's Summer Work Experience Program (SWEP) in 2014.

The program selected post-secondary students to spend four months of their summer in various areas of our company. They had the opportunity to network with employees and participate in several Learning Days, which covered resume writing, interview skills, public speaking, and career planning. More than 87% said the program met both personal and professional objectives with 96% of the SWEP students reporting they had high or very high confidence that they could apply their new skills to the workplace.

"My team did a great job making me feel welcome. They made it a priority to ensure that I left with new skills."

- SWEP STUDENT



ATTRACTING TOP TALENT IN OUR INDUSTRY – YOUNG PROFESSIONALS IN ENERGY

We are proud to be a Founding Partner of the Edmonton Chapter of Young Professionals in Energy (YPE). Since its inception in 2012, YPE Edmonton has hosted 17 events with over 650 attendees. YPE Edmonton has also sent 10 guest judge volunteers to support the Alberta Energy Challenge case competition hosted by the University of Alberta. YPE membership has grown to include over 500 industry professionals in Edmonton. Worldwide YPE has more than 40,000 members in 40 chapters providing networking and career development for energy-industry professionals.

SELF-DEVELOPMENT

The After-Hours Personal Development Program helps employees fund their certificates, diplomas and degrees, as well as individual courses. We provide up to \$3,000 per year for full-time employees and \$1,500 per year for part-time permanent employees looking to commit to lifelong learning.

In 2014, 51 employees took advantage of after-hours learning opportunities with reimbursements totaling more than \$90,818—

an average of \$1,780 per participant. In 2013, 62 employees took advantage of after-hours learning opportunities, with reimbursements totaling more than \$97,681 — an average of \$1,575 per participant.

In 2014, **51 employees** took advantage
of after-hours learning opportunities with reimbursements
totaling more than \$90,818.

THE POWER OF ETHICS IN BUSINESS

ETHICS & INTEGRITY

We work with honesty and integrity. We stand behind our word. We treat each other and our neighbours with respect and we openly report on our performance. Ethics training and monitoring is very important to us:

- We investigate all ethical complaints thoroughly and promptly
- We will not allow or pursue retaliation of any kind against an employee who reports a violation or ethical concern
- Every two years all employees are required to certify that they have received, read, understand and will comply with our Ethics policy
- All new employees are required to sign the Ethics policy
- Managers are accountable for ensuring their employees are aware of, understand, and adhere to our Ethics policy
- We conduct an annual fraud risk assessment across the entire organization. It considers all areas of the business and includes potential fraud scenarios. If gaps are identified in control structures, remedial action plans are developed.

Employees are encouraged to raise potential violations of our ethics policies, laws or regulations.

To report a concern, employees can:

- Speak with their manager or any member of senior management
- Anonymously report a concern by contacting the company's **Integrity Hotline**, which operates 24 hours a day, seven days a week and is staffed by an independent third-party under strict confidentiality obligations.

In 2015, we will further our commitment to ethical practices by providing all employees web-based training on the Ethics policy.



OUR COMMITMENT TO COMPLIANCE

Our energy-trading operations in Alberta are monitored by the Alberta Electric System Operator (AESO) and the Market Surveillance Administrator (MSA). We respond to all potential contraventions of market rules. The MSA will review suspected contraventions to make a determination of compliance and issue forbearance or a fine.

In 2014, there was one specified penalty for a contravention of an AESO ISO Rule issued to Capital Power. The incident occurred at the Genesee 1 Unit on September 27, 2014. The total penalty for the incident was \$250. The incident involved incorrectly stating the Available Capacity of the Unit and was primarily a result of human error.

The Corporate Ethics and Compliance team continues to work with our operations staff and other internal stakeholders to identify opportunities for process improvements. Non-compliance or potential non-compliance incidents are taken very seriously. We continue to be diligent in adhering to the spirit, as well as the letter of the law.

PRECAUTIONARY PRINCIPLE

The Precautionary Principle says that when an activity raises threats to human health or the environment, precautionary measures should be taken even if some cause and effect relationships are not fully established scientifically. When any Canadian statutory decision maker, court, or tribunal applies the Precautionary Principle in making its determination, we consider this Principle in the conduct of our activities in like circumstances.

THE POWER OF ETHICS IN BUSINESS, CONTINUED

PRODUCT RESPONSIBILITY

Our employees are required to be aware of and comply with all legal and regulatory requirements applicable to their jobs. In 2014, the company reports:

- Zero incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services
- Zero incidents of non-compliance with labelling requirements
- Zero customer satisfaction practices or survey results as we do not have a retail power business and, therefore, no retail customer accounts
- Zero legal actions for anti-competitive or monopolistic behavior
- Zero complaints to a Human Rights Commission
- Zero incidents of non-compliance marketing and advertising codes
- Zero injuries or fatalities to members of the public due to incidents involving our facilities
- Zero substantiated complaints regarding breaches of customer privacy or losses of customer data.

WE ACT ON OUR WORD

In 2014, we reviewed:

- Eight complaints pertained to potential fraud or misuse of Capital Power resources and assets, compliance with the law or inappropriate customer and supplier activities
- Nine complaints related to violations of other work rules, policies or procedures.

Our investigations led to:

- Coaching for employees who needed more information on our workplace expectations
- Four terminations of permanent-employees
- Three employee resignations.

In 2014, Supply Chain Management started to treat all suspected violations of the purchasing and expense policies as ethical violations and now records them in the corporate ethics non-compliance database as Violation of Other Work Rules, Policies or Procedures. As a result, this has led to an increase in the number of complaints.

HUMAN RIGHTS

We value human rights and are committed to zero violations. Zero human rights violations, including the rights of indigenous people, were identified in 2014. In addition:

- Our operations are not at risk for incidents of child labour or forced labour
- The right to free association and collective bargaining is not a significant risk at Capital Power
- We have not been subject to human rights reviews or any impact assessments
- All security personnel receive training in policies and procedures related to human rights
- Our contractors must align with our policies, although they do not undergo a specific screening on human rights
- We do not have significant investment agreements that include human rights clauses.

BENEFITS & RECOGNITION

OUR BENEFITS

We provide a total compensation package to our valued employees. This includes a competitive benefits package that includes:

- Family-friendly benefits
- Health and wellness features
- Retirement/savings plans
- Incentive pay
- Schedules that allow for greater work/life balance
- Rewards and recognition
- Educational support.

EMPLOYEE AND FAMILY ASSISTANCE

There are times when employees need additional support. Our Employee and Family Assistance Program helps individuals, couples, and families access short-term counseling to assist with life challenges. This includes help with anxiety, depression, career enhancement and workplace issues, family issues, bereavement, addictions, and other health concerns.

Employees may seek assistance through several formal options:

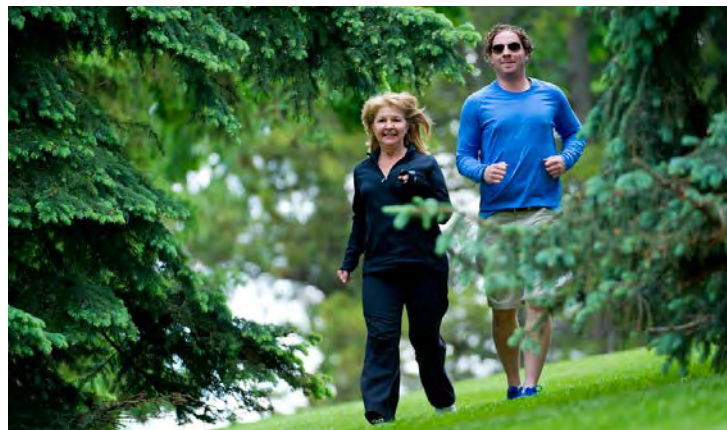
- Their immediate supervisor
- The Human Resources department
- A confidential support service with counseling services offered by phone, online, in-person, and text-based (e.g. self-care, self-learning).

HEALTH AND WELLNESS

The health and wellness programs we offer our employees are reviewed regularly and customized by region to ensure they are competitive and relevant in the geographic areas in which we operate. Coverage includes medical, dental, vision care, and health spending accounts for employees and their families as well as income protection in the form of short- and long-term disability for employees.

We offer a basic life insurance contribution for all employees who also have the option to increase coverage for themselves and their dependents.

Coinciding with our sponsorship of the 2014 ITU World Triathlon Grand Final in Edmonton, Capital Power initiated an office Walking Club. Sheila Findlay, from ITU Edmonton, led the walking club and offered fitness advice over 12 lunch-hour walks. Capital Power employees walked over 600,000 steps thanks to this innovative program. The walks were an opportunity for employees to get outside, connect with one another and become more active.



BENEFITS & RECOGNITION, CONTINUED



RETIREMENT SAVINGS PLANS

We offer a variety of retirement and savings plans to employees. Depending on eligibility (e.g. permanent versus temporary or union versus non-union employees) and location, employees participate in pension, 401(k), and registered and non-registered savings plans.

Educational resources are also available to plan participants through the various plan providers.

INCENTIVE PAY

Most employees are eligible for a short-term (annual) incentive award, which is based on the achievement of corporate, and individual performance objectives. Incentive targets vary by position and generally increase if the employee is promoted within the organization. The incentive target is a percentage of base salary and ranges from seven to 25% or more. Union employees participating in the plan have a target incentive identified in their collective agreement.



For more information on our compensation philosophy and programs, see the [2014 Capital Power Corporation Management Proxy Circular](#).

PAID TIME OFF AND TEMPORARY FLEXIBLE WORK ARRANGEMENTS OFFERED

Short term, acute, family, or personal responsibilities can sometimes place a significant amount of strain on work-life balance. To assist employees in maintaining balance during this temporary period, employees use the opportunity to add flexibility to their work arrangement through short-term, customized arrangements including:

- Flextime (i.e. rearrangement of hours)
- Flexplace (i.e. different work location including from home)
- A reduced work schedule (i.e. reduced work hours).

We also offer paid holidays, personal leave days, paid time off, vacation, and the My Time program, which allows for flexibility in time away from work.

BENEFITS & RECOGNITION, CONTINUED

PART TIME POLICY

Our Part-Time Policy offers full-time employees an additional benefit. Full-time employees can benefit from the flexibility that a part-time arrangement provides for an extended period of time to manage work-life balance. They can choose to remain part-time or return to a full-time schedule at some point in the future. At the end of 2014, we had 11 part-time employees. Examples of work-life balance situations where a part-time schedule would be beneficial for an extended period of time include:

- **Phase-back from maternity or parental leave:** Employees returning from maternity/paternity leave may find that a part-time work schedule is helpful in balancing work-life priorities.
- **Pursuit of further education:** Employees wishing to combine work with the pursuit of further education (e.g. a master's degree) may find that a part-time work schedule allows them to more effectively manage the priorities and demands of school and work.
- **Phased retirement:** The nature of retirement is changing, and many employees may not wish to experience a sudden end to work.
- **Caregiver responsibilities:** Should a family member become ill, employees may need a schedule change to manage caregiver responsibilities.

Following this part-time work period, Capital Power offers to guarantee the employee a return to a comparable full-time position.



MILESTONE ACHIEVEMENT AWARDS PROGRAM

Our Milestone Achievement Awards Program recognizes employees for service ranging from five to more than 40 years with pre-paid credit cards ranging in value from \$300 to \$3,000.

Employees reaching milestones of 10 years and above are also invited to a special recognition event hosted by our President and CEO, Brian Vaasjo. At this event, employees are personally acknowledged for their long-term commitment and contributions to Capital Power.

In 2014, 39 employees were recognized across our company and we had the opportunity to celebrate employees who have achieved up to a 40-year service milestone.

In 2014, **39** employees
were recognized for long
service across our company.



THE POWER OF STAYING SAFE

THE POWER OF STAYING SAFE

HEALTH & SAFETY AT-A-GLANCE

KEY FACTS

0.16 Total Recordable

Injury/Illness Frequency

(89% reduction in TRIF since 2011)



We have a

goal of zero injury and
an environmentally responsible culture



We have

earned 2 awards
recognizing Capital Power for safety from
the Canadian Electricity Association.



ZERO MEANS EVERYTHING

We are passionate about health and safety and believe that a zero-injury culture is possible. In 2014, we had our best health and safety performance to-date and we are committed to working to achieve our goal of zero injuries. “Zero Means Everything” – the unique internal health and safety brand and social marketing strategy, is designed to change the way our employees talk and think about health and safety. The strategy focuses on both workplace and lifestyle safety, with the underlying message that zero can mean a lot of things, but it ultimately means getting everyone home from work, safe and healthy, every day.

Our approach to health and safety includes:

- Establishing clear goals and monitoring performance
- Working and living a zero-injury culture
- Promoting healthy and balanced lifestyles
- Proactively identifying and managing health, safety, and environment-related risks within operations, maintenance, and construction activities
- Complying with applicable laws and regulatory requirements
- Continuous review and improvement of the company policy
- Aligning our contractors with company policy.

ZERO MEANS EVERYTHING, CONTINUED

2014 HEALTH AND SAFETY PERFORMANCE

In 2014, we exceeded our stretch Total Recordable Injury Frequency (TRIF) target of 0.77 with an actual TRIF of 0.16. The most significant element of this achievement is that in 2014 Capital Power experienced two recordable health and safety (one modified work and one lost-time) incidents. This is the best health and safety record by Capital Power to-date and is an indication that we are on the right path of achieving our target of zero injuries.


HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE INDICATORS

In 2014, we introduced the Health, Safety and Environment (HSE) Performance Indicators to measure overall performance in these areas. We shifted away from only using lagging indicators to using a combination of five leading (i.e. pre-incident measurements) and two lagging (i.e. indicators that only track rear view mirror health and safety and environmental performance). This shift is a strong indication of the maturation of our HSE strategy and our commitment to achieving a zero-injury and promoting an environmentally-responsible culture.

By focusing on both leading and lagging indicators, we believe our overall health and safety and environmental performance should further improve, resulting in a healthier, safer workplace and greater environmental responsibility for all employees.

In 2015, the HSE Performance Index will be used to track Capital Power's performance on a year-over-year basis.

2014 LEADING AND LAGGING PERFORMANCE INDICATORS RESULTS AND 2015 TARGETS

		 2014 TARGET	 2014 ACTUAL	 2015 TARGET
Leading Performance Indicators	Completion of HSE Workplace Inspections	95%	99%	98%
	Completion of HSE Required Training	95%	98%	95%
	Contractors used with ISN grade of A, B or C	80%	85%	85%
	Closure of HSE Compliance Management System	100%	100%	100%
	Closure of HSE Corrective Actions	95%	100%	98%
Lagging Performance Indicators	Total Recordable Injury Frequency	0.91	0.16	0.75
	Environmental Incidents	12	4	10

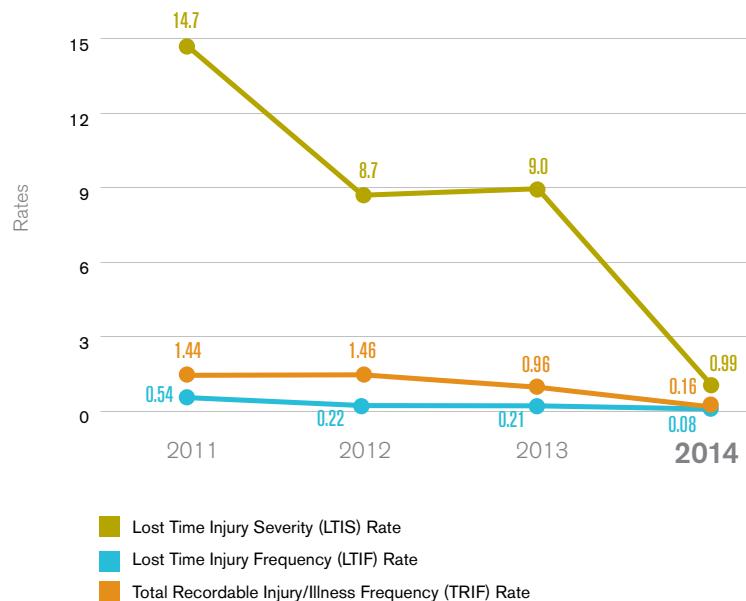
ZERO MEANS EVERYTHING, CONTINUED

RECEIVING NATIONAL SAFETY RECOGNITION

In 2014:

- Capital Power was awarded the Canadian Electricity Association (CEA) President's Award of Excellence for Employee Safety (bronze level) for its Canadian operations
- We also earned the CEA Vice-President's Award of Safety Excellence for Generation (bronze level)
- Four employees were presented with CEA Lifesaving Awards for their actions in helping save the life of a member of the general public.

TOTAL RECORDABLE INJURY/ILLNESS FREQUENCY AND LOST TIME



L to R: Former Minister of Employment and Social Development and Minister of Multiculturalism Jason Kenney presents Life Saving Awards to Genesee employees: Craig Butler, Senior Manager, Genesee 3 Production, Kimball Scott, Power Engineer and Adam Tarnowski, Welder Apprentice.

FREE FLU SHOTS AND CLINICS

In Alberta, we offered on-site seasonal flu immunizations as well as reimbursements for all other staff and their dependants.

HEALTH AND SAFETY COMMITTEES IN 2014

Our plants and offices have active health and safety committees that involve employees in health and safety, and help monitor and advise on occupational health and safety issues. Twenty-nine employees served on six committees in 2014.

ZERO MEANS EVERYTHING, CONTINUED

CONTRACTOR HEALTH AND SAFETY PERFORMANCE

More than 772,161 construction hours (equivalent to 869 person-years of work) were recorded in 2014.

All contractors must comply with our health and safety policies and procedures by managing their health, safety, and environment risks in a manner consistent with our company policy. We monitor health and safety performance as part of contractor selection and approval to perform or continue work.

We include both contractors and employees in our health, safety and environment targets. In 2014, contractors accounted for zero incidents. In previous years, contractors have accounted for more than half of our overall injuries. The reduction in contractor injuries can be partially attributed to changes we have made to our policies and procedures for working with contractors, including implementing a Contractor Prequalification Standard in 2013, whereby all contractors are prequalified and graded on the contractors programs, policies, statistics, and Workers Compensation information, which is conducted by a third-party provider.

More than 772,161
construction hours
(equivalent to 869 person-years of work)
were recorded in 2014.



ZERO MEANS CELEBRATING HEALTH AND SAFETY SUCCESS – THE PRESIDENT'S SAFETY AWARD

Since 2012, Capital Power has annually recognized and celebrated the facilities, projects and support services that achieve exceptional safety performance. Recognition is also presented to those areas that have maintained or improved their safety performance in consecutive years. First-year achievements are bronze, second-year are silver, and gold is for three or more years of exceptional performance.

Award criteria are based on the number of hours worked in the period and are intended to recognize the size and risk diversity across Capital Power operations.

2014 AWARD RECIPIENTS

Category A	Category B	Category C
Port Dover and Nanticoke (Bronze)	Roxboro (Bronze)	Genesee (Silver)
Halkirk Wind (Bronze)	Island Generation (Silver)	Corporate and Commercial Offices (Gold)
Quality Wind (Silver)	Clover Bar Energy Centre (Gold)	

ZERO MEANS EVERYTHING, CONTINUED

LIVING AND WORKING SAFELY – TRAINING FOR EMPLOYEES

We worked throughout 2014 to develop position-specific health, safety and environment (HSE) training requirements for all positions at our operating facilities. This ensures:

- Capital Power is meeting regulated HSE training requirements in all of our jurisdictions
- Employees are receiving the correct HSE training for their job/tasks

ZERO MEANS EVERYTHING – MAINTAINING MOMENTUM WITH LIFE SAFETY CRITICAL RULES

In 2014, 10 LIFE Safety Critical Rules were set and communicated to Capital Power's management team. The LIFE Safety Critical Rules are intended to prevent actions that have the potential to result in a fatality or serious injury; and help us achieve our goal of zero health and safety incidents. Campaign materials were developed in 2014 to assist with a broader roll-out to all employees in 2015.

The purpose of LIFE Safety Critical Rules are to define expectations that support the creation of a safe work environment and lay out the cultural foundation to achieve "zero".

FIRST AID TRAINING PUT TO USE



Life Saving Award Winners:
L to R: Adam Tarnowski, Welder
Apprentice; Kimball Scott,
Power Engineer, Brittini Hallett,
Payroll Clerk, Craig Butler, Senior
Manager, Genesee 3 Production

A SEIZURE WHILE SHOPPING

When Payroll Clerk, Brittini Hallett, was shopping, a woman fell to the ground during an epileptic seizure. Brittini didn't take long to put her first aid training to use. She placed her jacket under the seizing woman's head and proceeded to call 911, providing them with the "who, what, why, when and where." Brittini remained with the woman and provided first aid care until the ambulance arrived.

EMPLOYEES FREE DRIVER FROM BURNING VEHICLE

A normal morning drive to work for Genesee employees Craig Butler and Adam Tarnowski, and a drive home after a night shift for Kimball Scott, changed in an instant last summer.

Craig witnessed two cars collide in a horrific head-on crash south of Township Road 512 on Highway 770 (north of Genesee). As the first

one at the scene, Craig's first instinct was to immediately dial 911 and give the details of what occurred, what emergency systems needed to be dispatched and where the accident had occurred. While on the call, Craig ran up to the vehicle closest to him and, upon investigation, determined the individual had passed away.

By this time, Adam and Kimball had come upon the scene and were already working to free the driver of the other vehicle, which had flipped upside down and was on fire. Still communicating the details of the accident as they unfolded with 911, Craig searched for a fire extinguisher as his co-workers pulled the driver a safe distance from the burning vehicle. A short time later a nurse arrived on the scene and, shortly after, emergency services arrived. The driver was quickly picked up by STARS Air Ambulance and transported to Edmonton with serious but non-life-threatening injuries.

EMERGENCY PREPAREDNESS



Company-wide and site-specific contingency planning is designed to prepare our people, offices, and facilities for emergencies. By ensuring the safety of our team and surrounding communities, we contribute to our plants' ability to operate responsibly during and after an emergency.

Our contingency planning involves:

EMERGENCY MANAGEMENT PROGRAM, which includes:

- **Crisis Management**, which engages our senior executive at times of crisis, when our operations, profitability, or reputation is at significant risk due to a real or perceived threat to our employees, the environment, the community, our contractors, assets (offices, facilities and systems) and/or our industry and partners.

The Crisis Management Plan was updated in 2014. This included Crisis Management Team training, and a Crisis Management Centre exercise conducted in conjunction with the Genesee Emergency Coordination Centre.

- **Emergency Response** includes activities, tasks, programs, and systems addressing all efforts to preserve life and protect property and the environment. In 2014:
 - Audits of several plants' Emergency Response Plans were conducted, and areas of improvement were identified. An action plan was developed and implemented.
 - Hazard Risk Vulnerability Assessments were also conducted at several plants.

THREAT RESPONSE facilitates the orderly application of security measures for critical infrastructure facilities in response to changing threat alert levels.

DISASTER RECOVERY ensures strategies and plans are in place for the recovery of technology-based infrastructure and products.

BUSINESS CONTINUITY provides timely, targeted recovery of business critical services after life, health, safety, property and environment issues are resolved.

EMERGENCY PREPAREDNESS, CONTINUED

PRACTICE IS PART OF THE PLAN – GENESSEE EMERGENCY RESPONSE EXERCISES

As part of our continual focus on safety at our facilities and offices, it is essential that we have solid emergency response plans in the event of an emergency.

Genessee Power Plant conducted eight emergency exercises or drills in 2014. They included:

- a medical response drill
- a confined space Emergency Response Team drill
- a high-angle rescue Emergency Response Team drill
- a Tornado Shelter-in-Place drill
- a plant evacuation
- a security exercise
- an Emergency Coordination Centre exercise with the Crisis Management Centre
- a fire drill.

Emergency response training was also conducted at Genessee. In 2014:

- The Fire Brigade conducted 2,160 person hours of training
- The Emergency Response Team conducted 1,100 person hours of training
- 120 person hours of Advanced First Aid training was completed.

Capital Power completes a full-scale test of its emergency response plan involving emergency service providers every three years and practices its emergency response plan annually through tabletop exercises and drills to ensure adequacy. The next full-scale test will take place at Capital Power's Island Generation facility, located in Campbell River, BC in November 2015.

FIRST AID TRAINING AT OUR FACILITIES AND OFFICES

Our facilities have a legislated requirement to make certain a specific number of employees are trained in first aid. The number of employees trained depends on the total number of employees at each location. In 2014, 165 site and office employees were trained in first aid, an increase from 21 in 2013 due to a high number of first aid certifications expiring and requiring renewal in 2014. Also, we offer first aid training to employees wishing to learn new skills.

In 2014, **165** site and office employees were trained in first aid, an increase from 21 in 2013.



Vice-President of Coal Operations, Sean Furey, participated in the emergency response exercises.



THE POWER TO STRENGTHEN COMMUNITIES



In 2014, we provided approximately \$1 million in support to preserve and strengthen the communities closest to our operations. Our focus is on initiatives that build vibrancy, ecology, and cultural heritage.

We have a high level of employee engagement in initiatives that we support as a company. For this reason, we often invest in areas that are meaningful to our employees, and where they and their families already donate their time and money.

A pair of rehabilitated Great Horned Owls were released near our Halkirk Wind project. One of the owls was discovered with an injured wing inside the facility's substation. The injured owl was rescued and rehabilitated by the Alberta Society for Injured Birds of Prey, a non-profit group that specializes in the rescue and care of birds of prey. In recognition for their work, we contributed \$1,000 to the Strathcona Raptor Shelter.



THE POWER TO STRENGTHEN COMMUNITIES

OUR GIVING AT A GLANCE

KEY FACTS

Approximately **\$1 Million**
contributed to charitable organizations
and programs in communities where we operate
throughout North America.

\$170,000 raised through employee's
personal pledges for the annual United Way Campaign,
which were matched dollar-for-dollar by the company.

Employee-led fundraising events boosted the amount of
money raised, bringing our 2014 United Way campaign
total to more than **\$376,000.**

Over **10,000 hours** in volunteer time were reported
by employees and their families. In recognition of this
commitment, we contributed **\$57,000** to employee-
designated non-profit organizations across North America.

OUR GIVING



POVERTY IS SOLVABLE – ONE PIECE AT A TIME – ANNUAL UNITED WAY CAMPAIGN

Employee generosity and company-matched contributions helped us raise over \$1.7 million for United Way in the past five years. Our fifth annual **United Way** campaign in 2014 saw an increase in employee participation over 2013, with employee contributions reaching more than \$170,000 through personal pledges, which were matched dollar-for-dollar by the company.

Employee-led fundraising events boosted the amount of money Capital Power has invested, bringing the 2014 campaign total to more than \$376,000.

United Way 2014 Kickoff - The theme of the Alberta Capital Region's 2014 Campaign was "Poverty is Solvable," which Capital Power contributed to help solve "One Piece at a Time."

"As a national charity, we rely on the financial support of local businesses and members of our community in order to direct funds to military charities that have the infrastructure and expertise to deliver the best quality and standard of programming for military members and their families. We are grateful for this opportunity to work together with Capital Power."

– TRUE PATRIOT LOVE BOARD VICE CHAIR, MICHAEL BURNS

IN APPRECIATION OF MILITARY MEMBERS AND THEIR FAMILIES

For the fourth consecutive year, we sponsored **Military Appreciation Night** at an Edmonton Eskimos home game. In 2014, funds raised were donated to the True Patriot Love Foundation in support of physical and mental rehabilitation programs for soldiers and veterans.

Our employees and their families, together with volunteers from True Patriot Love, accepted donations from Eskimos fans in exchange for limited-edition "Support Our Troops" t-shirts. Almost 2,700 t-shirts were distributed by game time, raising \$31,000. Capital Power matched these funds, and added an additional \$13,000 resulting in a total contribution of \$75,000 to True Patriot Love.



Employees and their families, together with volunteers from beneficiary, True Patriot Love, collected \$31,000 from Eskimos' fans in exchange for limited-edition "Support Our Troops" t-shirts. Capital Power matched these funds, adding \$13,000 for a total gift of \$75,000.

OUR GIVING, CONTINUED

EMPOWERING COMMUNITIES – THE POWER OF VOLUNTEERS

Our EmPowering Communities program encourages employee volunteerism and recognizes the valuable gifts of time, skill and knowledge that employees give to the community.

Employees and their families who volunteer a combined minimum of 35 hours in a calendar year can apply for a \$500 grant to be donated by Capital Power to a non-profit organization of the employee's choice.

In 2014:

- **110 employees** were involved in the program
- Seven employees participated for the first time after being referred by a colleague
- Over **10,000 hours in volunteer time** were reported by employees and their families
- Capital Power **contributed \$57,000 to non-profit organizations** across North America to recognize the volunteer efforts of our employees.

FOR THE LOVE OF ART – ART GALLERY OF ALBERTA

The Art Gallery of Alberta (AGA), the National Gallery of Canada, and Capital Power have been working together since 2009, to bring important works from the National Gallery of Canada to Alberta. The Capital Powered partnership was renewed for an additional three years in 2013, and was enhanced with the addition of the Capital Powered Art Acquisition Program, which provides the opportunity for art lovers, enthusiasts, and visitors to the AGA to help build the gallery's own permanent collection.

Each year, we will match donations up to \$25,000. The funds are used to purchase works primarily from living Albertan and Canadian artists. In 2014, we supported the art acquisition program for



the full \$25,000 which assisted the AGA purchase a piece from Canadian artist Brian Jungen.

In 2014, Capital Power Senior Vice-President, Operations, Engineering & Construction, Darcy Trufyn, became the Board Chair for the AGA. Darcy serves to continue the work that the AGA has done in establishing themselves as a gallery of national significance for all of Alberta.

POWERFUL PERFORMANCES – CITADEL THEATRE

In 2014, Capital Power kicked off its second year as the Citadel's Season Sponsor. The Citadel continues to bring to life the art of performance, creativity and limitless imagination in the heart of Edmonton, and we look forward to continuing our partnership with the Citadel as they celebrate their 50th season in 2015.

Senior Vice-President, Corporate Development and Commercial Services, Stuart Lee, is a member of the Citadel's Board of Directors.

OUR GIVING, CONTINUED

PRODUCING NEW WAYS OF THINKING – FESTIVAL OF IDEAS

The University of Alberta's Festival of Ideas is an interactive and inclusive forum that facilitates creative thinking. As the festival's founding sponsor, we help sustain this biennial festival with a commitment to multi-year funding through 2014.

In 2014, the festival was kicked off with an evening on stage with acclaimed novelist, Colm Tóibín. The winner of the International IMPAC Dublin Literary Award joined the Edmonton Journal's Elizabeth Withey for an onstage interview to the delight of a sold out crowd.

Acclaimed novelist, Colm Tóibín, shares stories about creative thinking to a sold out crowd at the Capital Power sponsored Festival of Ideas.



More than 3,500 people attended nine events over the five-day festival.

CONTRIBUTING TO OUR CHILDREN'S HEALTH CARE – STOLLERY CHILDREN'S HOSPITAL FOUNDATION

For the third consecutive year, we supported the Stollery Children's Hospital Snowflake Gala, Edmonton's only kid-friendly holiday gala offering entertainment for the whole family. The 2014 event raised \$780,000 to fund educational and skills training that support highly-skilled professionals at the Stollery Children's Hospital.

SUPPORTING HEALTHY LIVING IN GODERICH-HURON

In 2014, Capital Power, and our partners on the K2 Wind project, supported the Goderich-Huron YMCA Strong Kids campaign. The YMCA offers programs that improve the lives of children and youth from families with financial barriers, by giving them access to nutritious food, recreation and healthy environments. With the support of YMCA financial assistance programs and the YMCA Strong Kids Campaign, the YMCA welcomes more than 750 children, teens and young adults to the YMCA every year.



A RACE TO REMEMBER – ITU WORLD TRIATHLON GRAND FINAL – CAPITAL POWER TRIATHLON LIVE

We are proud to have been a community partner and title sponsor of Capital Power Triathlon LIVE, which took over Edmonton's Churchill Square for four days leading up to the 2014 International Triathlon Union (ITU) World Triathlon Grand Final. This venue was the centre of attention as athletes around the world came through for the Parade of Nations.

The world-class event attracted elite athletes from around the globe. Seven employees also had an opportunity to represent Capital Power in an ITU race at Hawrelak Park in Edmonton.

SUPPORTING CAREERS IN TRADES – ALBERTA APPRENTICESHIP AND INDUSTRY TRADES SCHOLARSHIP

We funded two **Alberta Apprenticeship and Industry Trades Scholarships** in 2014:

- The Capital Power Aboriginal Scholarship
- The Capital Power Genesee-Keephills Scholarship-Instrument Technician.



THE POWER OF COMMUNITY CONSULTATION

CONSULTATION & ENGAGEMENT

ENGAGING WITH STAKEHOLDERS

- We share project information
- We ask for feedback
- We listen to input
- We align our operations with the interests and priorities of the community.

Our goal on every project is to build and operate power generation facilities in a way that aligns with the interests and priorities of the community closest to our operations. Stakeholders have multiple opportunities to learn about our projects and provide input.

We draw on best practices in public consultation and actively consult with our stakeholders—particularly in regard to new projects or existing facilities.

Our operations may require the acquisition of land from local landowners. We are committed to negotiating with landowners, and offering fair market value for land, and offering other forms of compensation, such as relocation costs and replacement costs for infrastructure.

In an ongoing effort to build and strengthen relationships with First Nations, we proactively seek out opportunities to nurture connections and support events that are important to these communities. In situations where our operations may potentially impact Aboriginal or Treaty Rights, we work closely with communities to address such impacts.



CONSULTATION & ENGAGEMENT, CONTINUED

GENESEE GENERATING STATION



REGULATORY APPROVAL OF GENESEE GENERATING STATION UNITS 4&5

Capital Power received two important regulatory approvals in 2014. In August 2014, the Alberta Utilities Commission approved the Application for the proposed Genesee Generating Station Units 4&5 ("the Project").

Capital Power completed a stakeholder engagement program to support these regulatory processes.

GENESEE GENERATING STATION UNITS 4&5

The project, a 50/50 joint venture with ENMAX Corporation, is being developed to meet the need for additional generation resulting from growing demand and to replace generation from the retirement of some existing coal generating units in Alberta in the 2019 timeframe. Capital Power's coal-fired units located at Genesee will continue to operate until their legislated end-of-life.

Genesee Units 4&5 will be located on a brownfield site (previously disturbed) adjacent to the east-side of the existing Genesee Generating Station, with no additional lands purchased or disturbed for the project.



GENESEE GENERATING STATION LICENSE RENEWAL

Capital Power submitted an application to Alberta Environment and Sustainable Resource Development (AESRD) to renew its current operating approval for the existing units, Genesee 1, 2, and 3 in December 2013. The application is not to extend the life of these units, but Capital Power must renew its operating approval every 10 years to make certain that the station remains compliant with current environmental requirements. In January 2015, AESRD extended the current approval for the station for an additional year to allow the provincial department to continue its thorough review of the renewal application.

GENESEE MINE EXTENSION

Capital Power received approval from the Alberta Energy Regulator for a new Mine Permit and Mine License in August 2014. AESRD continues to review the Environment Protection and Enhancement Act (EPEA) amendment application for the Mine. Issuance of an amended EPEA and *Water Act* approvals for the Mine are anticipated in 2015.

The Mine Extension secured our fuel supply for the three generating units at the Genesee facility. The approvals will give Capital Power the ability to advance mining operations over an additional 14.5 sections (9,280 acres) of land.

ADDRESSING DISPLACEMENT – GENESEE'S LAND PURCHASE PROGRAM

In 2014, one family moved off the land they sold to Capital Power as part of the Land Purchase program developed for the Genesee Mine Extension process. The Land Purchase program included a premium on market value for land that was required for the mine and allowed flexibility for the landowners to remain on their land for as long as they desire or to sell the land early.

CONSULTATION & ENGAGEMENT, CONTINUED

GENESEE GENERATING STATION CELEBRATES 25 YEARS

In June 2014, we celebrated 25 years of operations at our Genesee Generating Station with employees and the community. The day marked a major milestone — the completion of the initial unit at Genesee in 1989.

“This celebration recognizes the hard work of our employees who have run a safe and successful operation for over 25 years. It's also an opportunity to show our sincere appreciation for the support we receive from the local community — businesses, suppliers and neighbours — who share our history and have made tremendous contributions to this plant.”

— SEAN FUREY, VICE-PRESIDENT OF COAL OPERATIONS

The more than 600 people who attended also had an opportunity to participate in tours of the Genesee Mine that supplies coal to the Genesee Generating Station, and the plant itself, which generates electricity equal to the needs of 1.1 million homes in Alberta.



Capital Power hosted an on-site event to celebrate the 25-year milestone, which was open to its employees and the community. More than 600 community members, employees, and volunteers participated in the old country fair themed celebrations, which featured a farmer's market, carnival games, inflatables (bouncy houses and a zipline), hay rides, and a show-and-shine car rally.

CONSULTATION & ENGAGEMENT, CONTINUED

K2 WIND ONTARIO

Construction of the 270 MW K2 Wind Power Project (K2 Wind) occurred throughout 2014, with approximately 400 people at work on the project at peak construction. Construction followed the Government of Ontario's award of a Renewable Energy Approval (REA) in July 2013. The REA required K2 Wind's partners – Capital Power, Samsung Renewable Energy, Inc., and Pattern Renewable Holdings Canada ULC – to conduct a rigorous environmental assessment and public engagement process.



Construction of K2 Wind progressed well throughout 2014, and by the end of the year, 70 turbines were assembled, all access roads were complete, along with 85 per cent of collector cables. K2 Wind began commercial operation at the end of May 2015.

Court appeal and litigation

On February 6, 2014, the Ontario Environmental Review Tribunal (ERT) announced that it dismissed an appeal of K2 Wind's REA. The review was launched by two Ontario residents living in the Township of Ashfield-Colborne-Wawanosh (ACW), who raised questions about human health impacts from wind power and the applicability of the Canadian Charter of Rights and Freedoms.

The ERT process involved an oral hearing process and an exchange of written evidence and testimony. The process is designed to allow opportunities for all parties to present evidence and ask questions. The full process occurred over six months.

In November 2014, the Ontario Divisional Court heard an appeal of the ERT's decision on K2 Wind and two other Ontario wind projects. On December 29, 2014, the Divisional Court unanimously dismissed all of the arguments made against the wind projects. The judges ruled that the ERT, which confirmed the REA, acted appropriately and adequately considered all of the evidence it heard.

Job Fair and local hiring

On February 12, 2014, K2 Wind and its prime contractor, AMEC Black and McDonald (ABMD) hosted an employment and contracting information session in Goderich, Ontario. Staff with ABMD and K2 Wind met with local business representatives to discuss the goods and services required during construction, and also met with community members interested in working on the Project. Over 200 people attended the event that was advertised in local newspapers, on local radio stations, on the K2 Wind website and in direct contact with stakeholders by e-mail.

During construction, numerous local businesses were contracted for services including construction services, gravel supply, road construction and maintenance, catering, electrical, safety equipment, signage, surveying services, waste disposal, weed management, vehicle maintenance, fuel, clothing, food and lodging and other goods and services.

CONSULTATION & ENGAGEMENT, CONTINUED

Public complaints, traffic concerns, vandalism

K2 Wind tracks public concerns and complaints related to its construction activities. By the end of 2014, K2 Wind had notified the Ontario Ministry of the Environment (MOE) of 16 complaints. This number is not inclusive of additional follow-up contacts with the MOE, stakeholders, or contacts that K2 Wind addressed outside of a complaint process. Complaints were made on a number of issues including construction noise, potential water impacts caused by construction, traffic management, and speeding construction vehicles.

Of particular concern due to multiple calls, during the spring and summer of 2014, K2 Wind received calls about vehicles travelling at high speeds in the construction area. K2 Wind and its contractor took a number of actions to address this, including:

- Confirming proper speed limits during safety meetings
- Having K2 Wind and ABMD monitor speeds at key locations
- Addressing noted infractions directly with the individuals involved
- Working with the Ontario Provincial Police (OPP) to monitor and enforce traffic safety throughout the work site.

These actions led to significant improvements in traffic safety from construction personnel, based on the site observations from the OPP, construction management and reports from residents.

Community Liaison Committee

As part of K2 Wind's REA, a Community Liaison Committee (CLC) was established as a forum to exchange ideas and to provide regular updates as the project progresses through construction and into operations. The CLC is another means of communication between K2 Wind and community members with respect to construction, installation, use, operation and maintenance of the facility.

The second meeting of the K2 Wind's CLC was held on May 28, 2014. Staff from K2 Wind and ABMD provided an overview of the construction process, and addressed questions on schedule, traffic management plans and what residents could expect to see and hear during construction. This meeting was open to the public and was advertised in area newspapers and K2 Wind's website. The remaining CLC meetings, as required by the REA, will be held in 2015.

Drainage petition

In December 2014, the Township of ACW authorized a plan that K2 Wind put forward to address historic drainage issues that existed between the property it purchased for its Project substation and land held by a private owner.

The process to approve the plan required extensive information sharing with the Township of ACW, with residents being provided an opportunity to comment and provide input into the plan. As part of its submission, K2 Wind committed to pay for all of the costs of constructing and operating the additional drainage works for the operational life of the Project. The drainage system was completed in spring 2015.

CONSULTATION & ENGAGEMENT, CONTINUED

PORT DOVER & NANTICOKE WIND FACILITY

OPERATIONS

The Port Dover & Nanticoke (PDN) Wind Facility went through its first full-year of operations in 2014. PDN received its REA in July 2012, and PDN commenced commercial operation in November 2013.

COMMUNITY LIAISON COMMITTEE

In September 2012, Capital Power established a Community Liaison Committee (CLC) as a condition of the REA. The third and fourth meetings of the CLC were held in 2014.

The third meeting on February 11, 2014, Capital Power provided an overview of operations and the on-going site remediation work that would occur throughout the spring. At the fourth meeting on May 27, 2014, Capital Power provided a subsequent operations overview, including information on a proposed amendment to our REA. The company also provided background on two additional REA requirements: post-construction acoustic assessments and post-construction wildlife monitoring work.

The May 27 meeting fulfilled the REA requirement for Capital Power to hold four CLC meetings within two years of the granting of the REA.

COMPLAINTS

Capital Power tracks public concerns and complaints related to the operation of PDN. By the end of 2014, Capital Power had notified the Ontario Ministry of the Environment (MOE) of four complaints. This number is not inclusive of additional follow-up contacts with the MOE, with stakeholders, or contacts that Capital Power addressed outside of a complaint process. Complaints were made on a number of issues including noise and shadow flicker from turbines.




REA AMENDMENT

In May 2014, Capital Power provided public notification in local newspapers of an amendment to its REA. The proposed changes were based on input from a landowner and Capital Power's operations staff, and a need to update equipment specifications listed in the approval. All modifications were proposed on existing participating properties and there were no proposed changes to turbine locations. The Project modifications consisted of:

- An alternate access road
- Water well installation at the Substation Property
- Retaining a laydown area at the Substation Property
- Updating the substation transformer documentation to reflect the specific equipment installed on site.

Capital Power received one call about the amendment, seeking further information on the location of the Project's transmission interconnection.

A large-scale industrial operation at night. A massive yellow crane is lifting a complex, metallic component, possibly a turbine or engine part, which is illuminated by bright work lights. The scene is filled with industrial structures, pipes, and scaffolding. In the foreground, a worker in a blue uniform and hard hat is visible on the left, and another worker is on the right. A red safety barrier runs across the lower part of the frame. The overall atmosphere is one of intense industrial activity.

ECONOMIC RESPONSIBILITY: TARGETS, PERFORMANCE, CONTRIBUTIONS & ENERGY PRODUCTION

THE POWER TO MEET OUR FINANCIAL TARGETS



TARGETS, PERFORMANCE & CONTRIBUTIONS

THE POWER TO MEET OUR FINANCIAL TARGETS

ECONOMIC RESPONSIBILITY AT-A-GLANCE



We are investing in the power generation our communities need to make the transition to a cleaner future, and power economic growth.

We partnered with ENMAX to build an additional 800 MW of natural gas-fired generation in Alberta to replace coal units that will retire by 2019. In Ontario, we made substantial progress building one of the province's largest wind farms, the 270 MW K2 Wind¹ facility, which began operations in the spring of 2015.

We focus on high plant availability, which provides reliability to the whole electricity system, one that homes and businesses rely on to keeps the lights on, every minute of the day. **Our operations achieved 95% availability in 2014 – a level of dependability that's essential to the customers we serve.**

We are delivering stable and growing returns to shareholders, even in a time of low power prices. In 2014, we increased our dividend 7.9%. In anticipation of a changing Alberta economy, Capital Power reduced corporate expenditures by 31%, or \$37 million, as Alberta entered a down turn in power prices.

¹ In partnership with Pattern Renewable Holdings and Samsung Renewable Energy

KEY FACTS

Generated

\$362 million

in funds from operations – in-line with 2014 financial target of \$360 to \$400 million



\$75 million in

sustaining capex. Normalized

earnings attributable to common

shareholders were \$59 million

or \$0.72 per share



Approved a

7.9% increase

in the annual dividend



SETTING AND DELIVERING ON TARGETS



We achieved or exceeded our three targets for operational excellence in 2014. Our power generation fleet is well maintained, modern and delivers high plant availability, reducing the risk of unplanned outages.



We met our funds from operations target for 2014. The financial results reflected lower Alberta power prices that averaged \$49 per megawatt hour (MWh) for the year compared to our forecast of \$57/MWh.

 2014 TARGET

 2014 RESULTS

 2015 TARGET

OPERATIONAL EXCELLENCE

Plant availability average	95% or greater	95%	94% or greater
Capital expenditures for plant maintenance, Genesee mine extension and other (sustaining capital expenditures)	\$85 million	\$75 million	\$65 million
Plant operating and maintenance expenses	\$165 to \$185 million	\$185 million	\$180 to \$200 million

FINANCIAL STABILITY AND STRENGTH

Funds from operations	\$360 to \$400 million	\$362 million	\$365 to \$415 million
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ENHANCING SHAREHOLDER VALUE

K2 Wind	Commence construction and complete project financing	Construction commenced and project financing completed first quarter 2014	Complete construction for commercial operations date in mid-2015
Shepard Energy Centre	Complete construction with commercial operations date in early 2015	On track with target	Commercial operations date early 2015
Genesee 4&5	Continue on track for first quarter 2015 permitting approval	Permitting completed ahead of schedule	Transition from development to construction

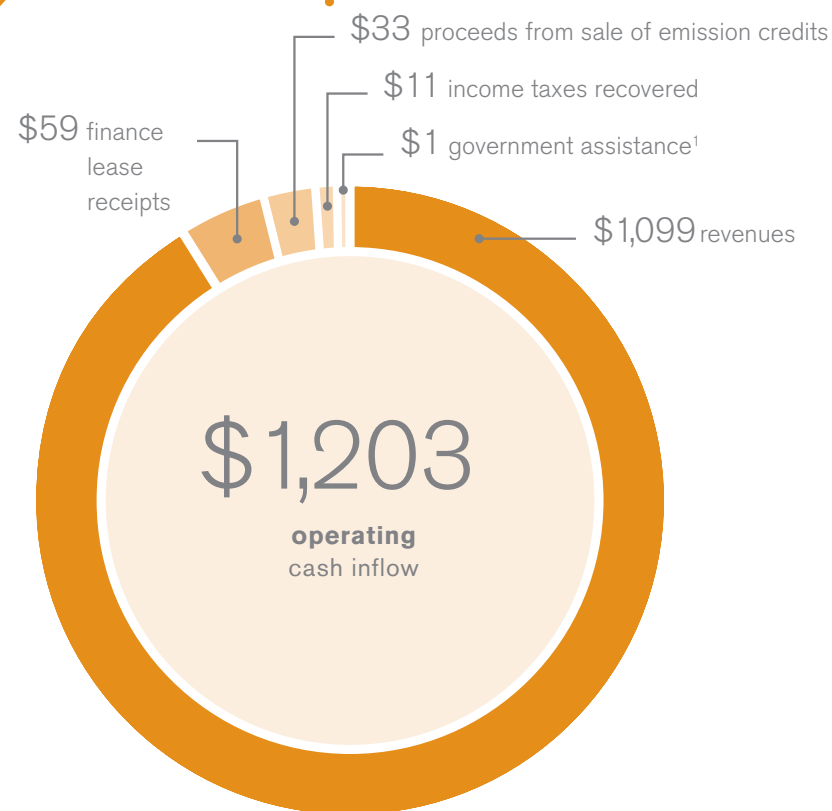
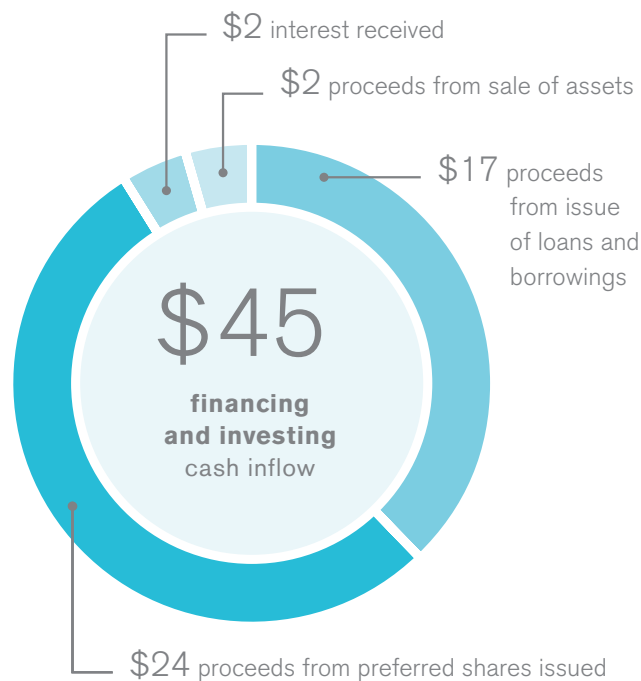
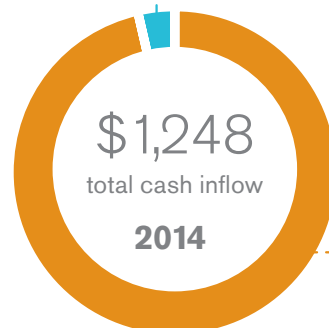
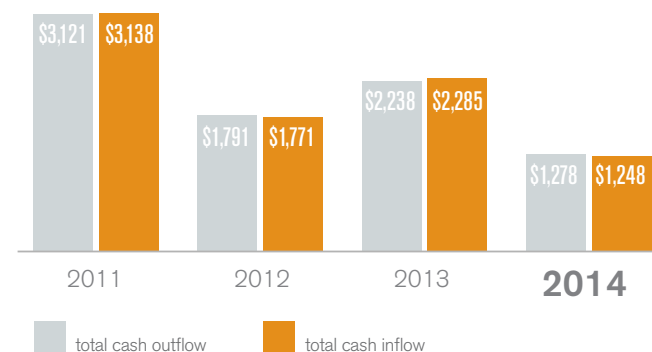
THE POWER TO CONTRIBUTE CASH INFLOWS

➔ Economic benefits from our business touch thousands of individuals and companies across North America and beyond, including equity and debt holders, local suppliers, governments, employees, energy producers and investment banks.

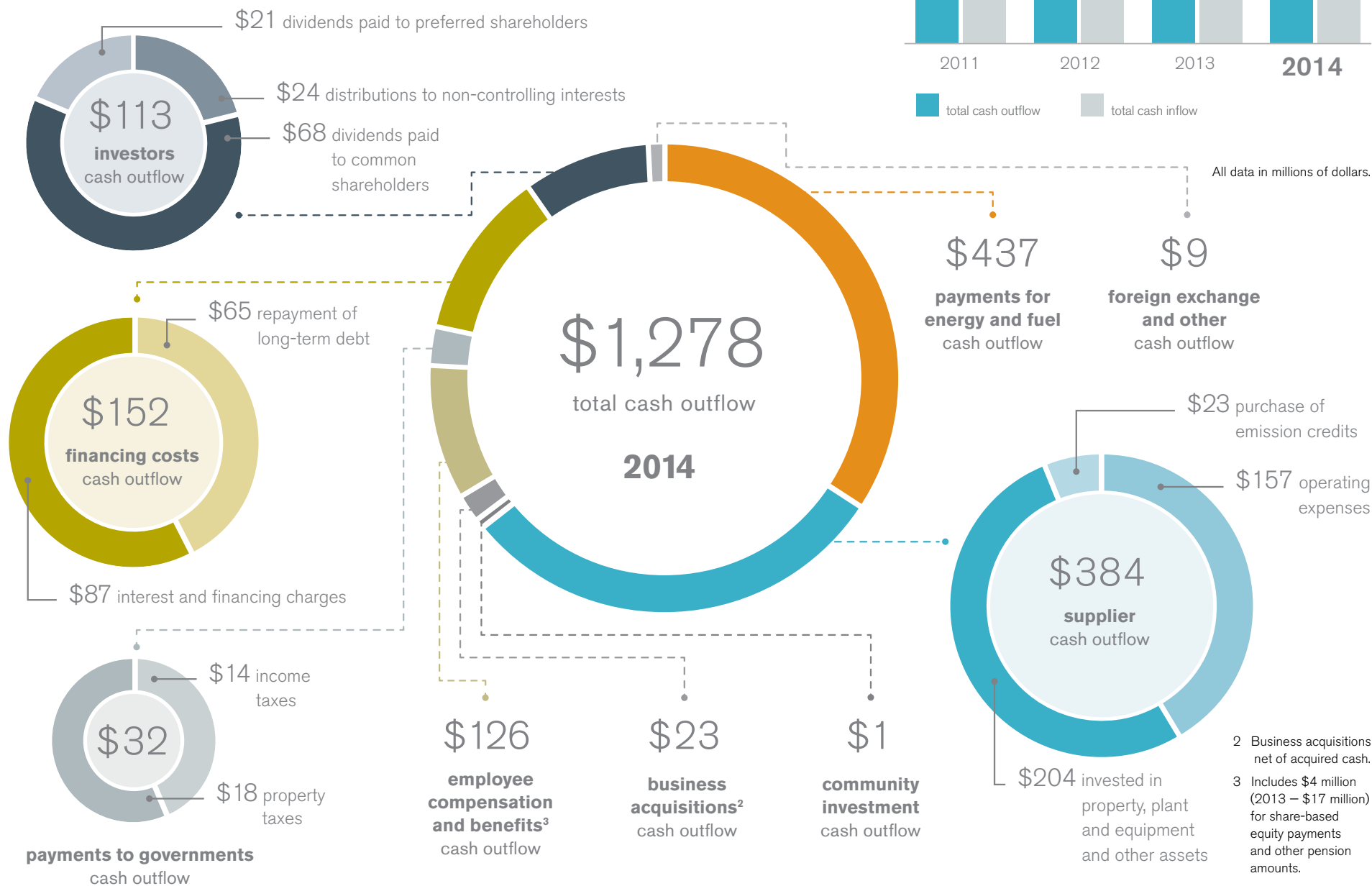
The following information paints a picture of the economic contributions (cash inflows and outflows) received and paid by Capital Power in 2014.

🔍 All data in millions of dollars. This information is based on information from [Capital Power's 2014 Financial Statements](#) but is not a substitute for them.

¹ We receive approximately \$1 million per year from the Government of Canada through the Wind Power Production Incentive program, which was created to encourage the development of wind energy capacity. The incentive is approximately \$0.01 per kilowatt hour of production from our Kingsbridge 1 Wind Power Project. Eligible recipients can receive the incentive on the first 10 years of production.



THE POWER TO CONTRIBUTE CASH OUTFLOWS





THE POWER OF BEING PREPARED

THE POWER OF BEING PREPARED

OPERATING PERFORMANCE AT-A-GLANCE



In anticipation of the current lower energy power market cycle, we worked to optimize our existing assets and costs.

We are taking actions such as accelerating our reliability program and working on programs that resulted in substantial reductions in operating, maintenance, and general and administration costs, particularly in 2013. The cost savings were evident in 2014, as we reduced corporate expenses by \$37 million, representing a 31% reduction. We continue to adhere to our high maintenance standards as reflected in our key performance indicator, plant availability. In 2014, we achieved a 95% average plant availability.

OPERATING PERFORMANCE

Plant availability represents the percentage of time in the period that the plant was available to generate power, regardless of whether or not it was running. Plant availability by plant category was:

YEAR ENDED DECEMBER 31

	2011	2012	2013	2014
Alberta commercial plants	87%	92%	95%	94%
Alberta contracted plants	97%	94%	91%	93%
Ontario and British Columbia contracted plants	98%	98%	99%	98%
U.S. commercial plants ¹	88%	85%	87%	N/A
U.S. contracted plants	100%	93%	95%	93%

¹ Includes New England plants, which were sold in November 2013.

KEY FACTS

Optimized our existing assets and costs. Reduced corporate expenses by **\$37 million** in 2014 – a 31% reduction



Adhered to our high maintenance standards with plants available to generate power **95%** of the time in 2014. Consistently **90%+** in the past six years



Since November 2012, Capital Power has added investments in renewable energy totalling approximately **\$1.2 billion** and added four wind projects



ENERGY PRODUCTION



Our power generation facilities are well maintained, modern, and focused on three main energy sources:



Natural gas



Coal



Renewables

In 2014, Capital Power completed the acquisition of 100% of the Macho Springs Wind Project (50 MW) from Element Power US, LLC. As of December 31, 2014, Capital Power owned more than 2,700 MW of power generation capacity at 15 facilities across North America with 371 MW of capacity available through a PPA. An additional 490 MW of owned generation capacity was under construction in Alberta and Ontario.

THE DATA

The data in this section represents Capital Power's generation associated with its operating approvals rather than its financial share of the operation. This includes:

- Genesee 3, co-owned with TransAlta, whose capacity is sold through the Alberta Power Pool
- Genesee 1&2, whose capacity and output is sold under an Alberta PPA to the Alberta Balancing Pool.

We hold the permit for these three facilities.

It is important to note that data from Keephills 3, Joffre, and our Sundance Units 5&6 PPA are not included because we do not hold the operating permits for these facilities.

2014 NET POWER GENERATION

80%

coal generation



4%

natural gas



16%

renewables (i.e. wind, biomass, tire-derived fuel, and landfill gas)





FUEL CONSUMPTION IN 2014

COAL CONSUMPTION INCREASED BY 1% between 2013 and 2014, due to slight variations in production in 2014. Since 2011, the combined use of coal at our Southport and Roxboro facilities in North Carolina has decreased by more than 54%. In 2014, coal represented only 8% of the overall fuel mixture of these facilities.

NATURAL GAS CONSUMPTION DECREASED BY 24% in 2014, due to less demand and fewer operating hours at our natural gas facilities.

BIOMASS CONSUMPTION INCREASED BY 10% in 2014, due to optimization of our fuel mix at our Roxboro and Southport facilities. The increased consumption of biomass resulted in less coal consumption.

TIRE-DERIVED FUEL CONSUMPTION INCREASED BY 40% in 2014, due to optimization of our fuel mix at our Roxboro and Southport facilities. This increased consumption of tire-derived fuel resulted in less coal consumption at these facilities.

LANDFILL GAS CONSUMPTION INCREASED BY 5% in 2014, due to changes in production.

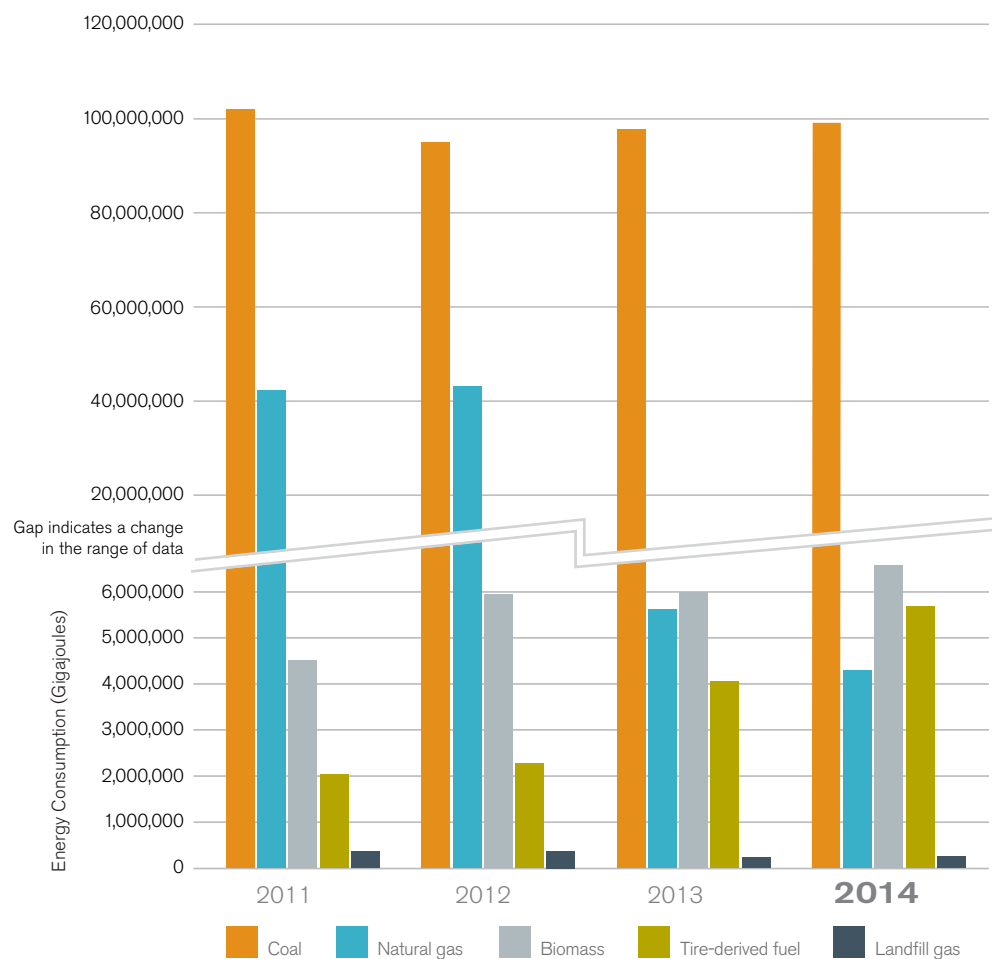
A plant enhancement project at Southport and Roxboro facilities was completed in 2010 to reduce environmental emissions and improve the economic performance of the two facilities by increasing fuel-mix flexibility. Prior to 2010, the generation facility strictly used coal as its fuel source.

As a result of the plant enhancements the facility's fuel mix is approximately 50% wood, 45% tire-derived fuel with the remaining balance, coal. The percentages are based upon the heat input of each fuel.

FUEL CONSUMPTION IN 2014, CONTINUED

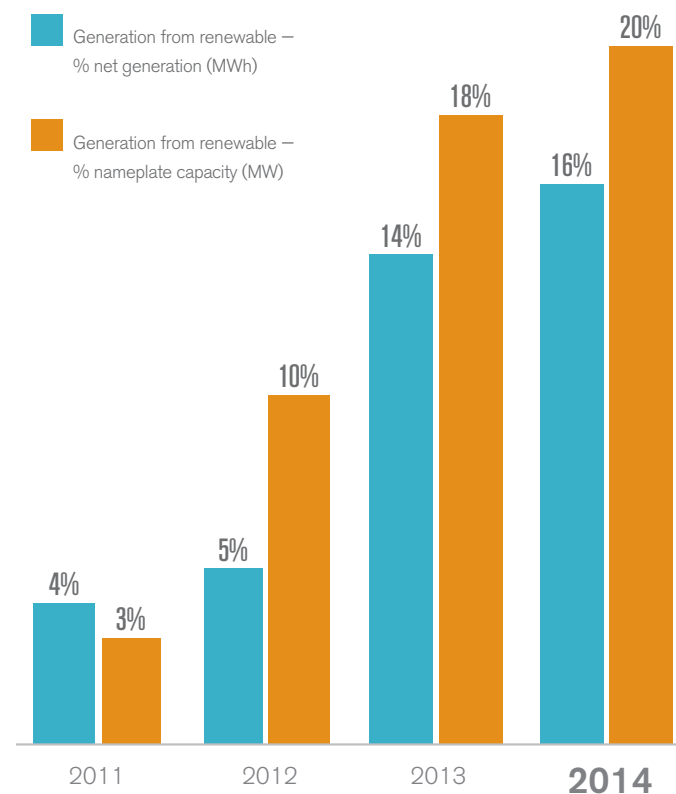
ENERGY CONSUMPTION (GIGAJOULES)

Year-over-year variance is primarily due to fuel mixture, the number of operating hours of each facility, acquisitions and developments, and the sale of the hydro facilities and the New England natural-gas facilities in 2012 and 2013, respectively.



GENERATION FROM RENEWABLE ENERGY

Our renewable energy portfolio has been steadily increasing. The main driving force behind this growth is the increase in net generation from our wind assets (21% increase from 2013 to 2014). Since November 2012, we have invested approximately \$1.2 billion in four renewable wind projects.

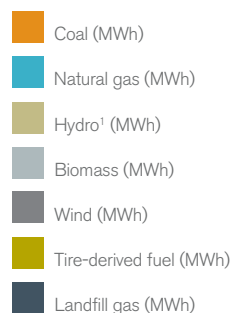


FUEL CONSUMPTION IN 2014, CONTINUED

NET PRODUCTION BY ENERGY SOURCE

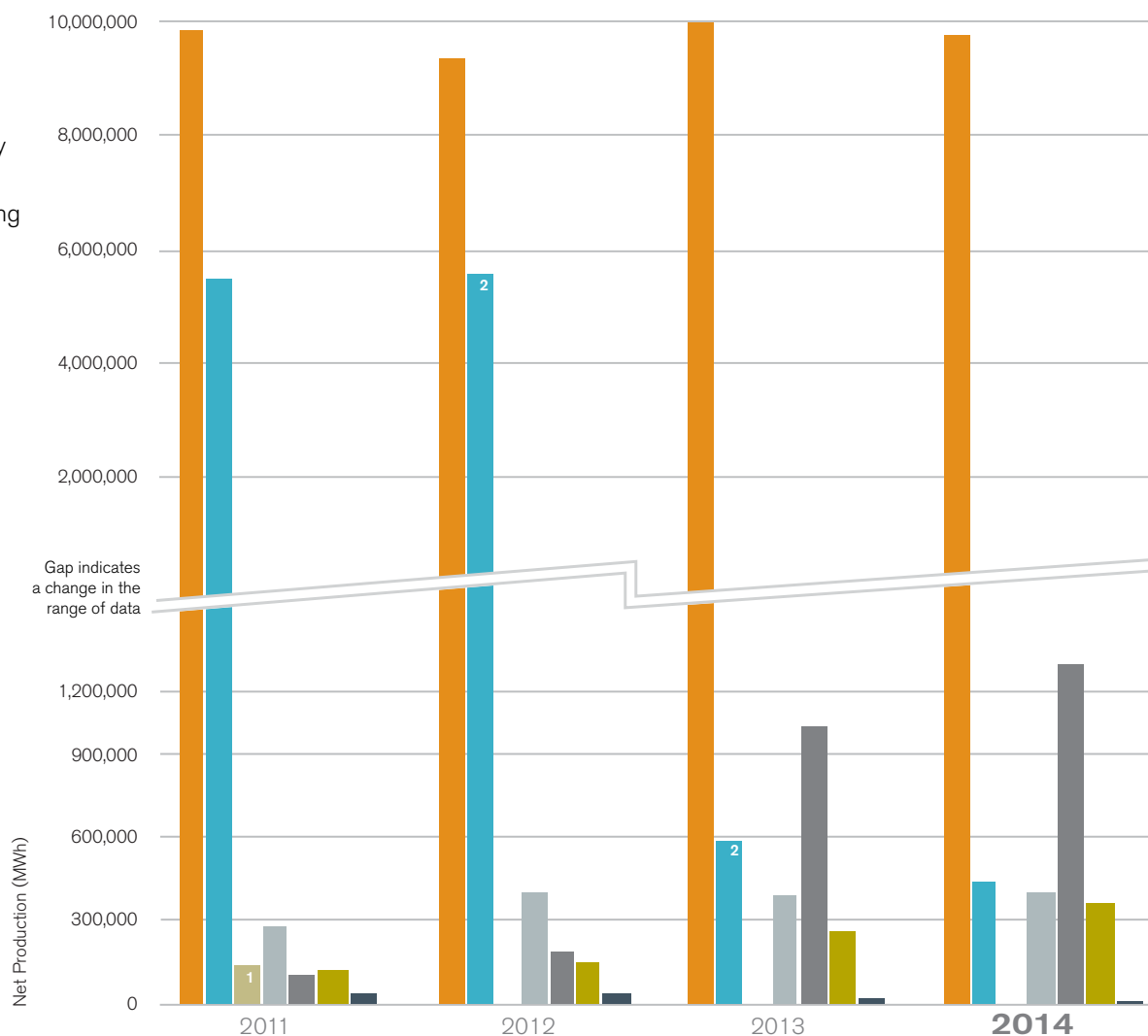
➤ The net generation from our wind assets has increased by 21% from 2013 to 2014. Since November 2012, Capital Power has added investments in renewable energy totalling approximately \$1.2 billion and added four wind projects.

We sustained a higher coal to gas ratio in our power generation facilities in 2013 and 2014.



The conversion of steam (GJ) to an electricity equivalent (MWh equivalent) assumes several ideal conditions, which results in an approximate number. Production statistics differ from other published statistics due to differences in reporting scope.

- 1 We no longer generate electricity from hydro since the sale of our two hydroelectric facilities in 2012.
- 2 Electricity generated from natural gas in 2013 decreased from 2012 due to the sale of our New England facilities in November 2013.



Gross production (MWh)	16,949,000	16,610,000	13,461,000	13,146,000
– Electricity consumed by station services (MWh)	1,010,000	984,000	1,164,000	926,000
= Net production (MWh)	15,939,000	15,626,000	12,297,000	12,220,000

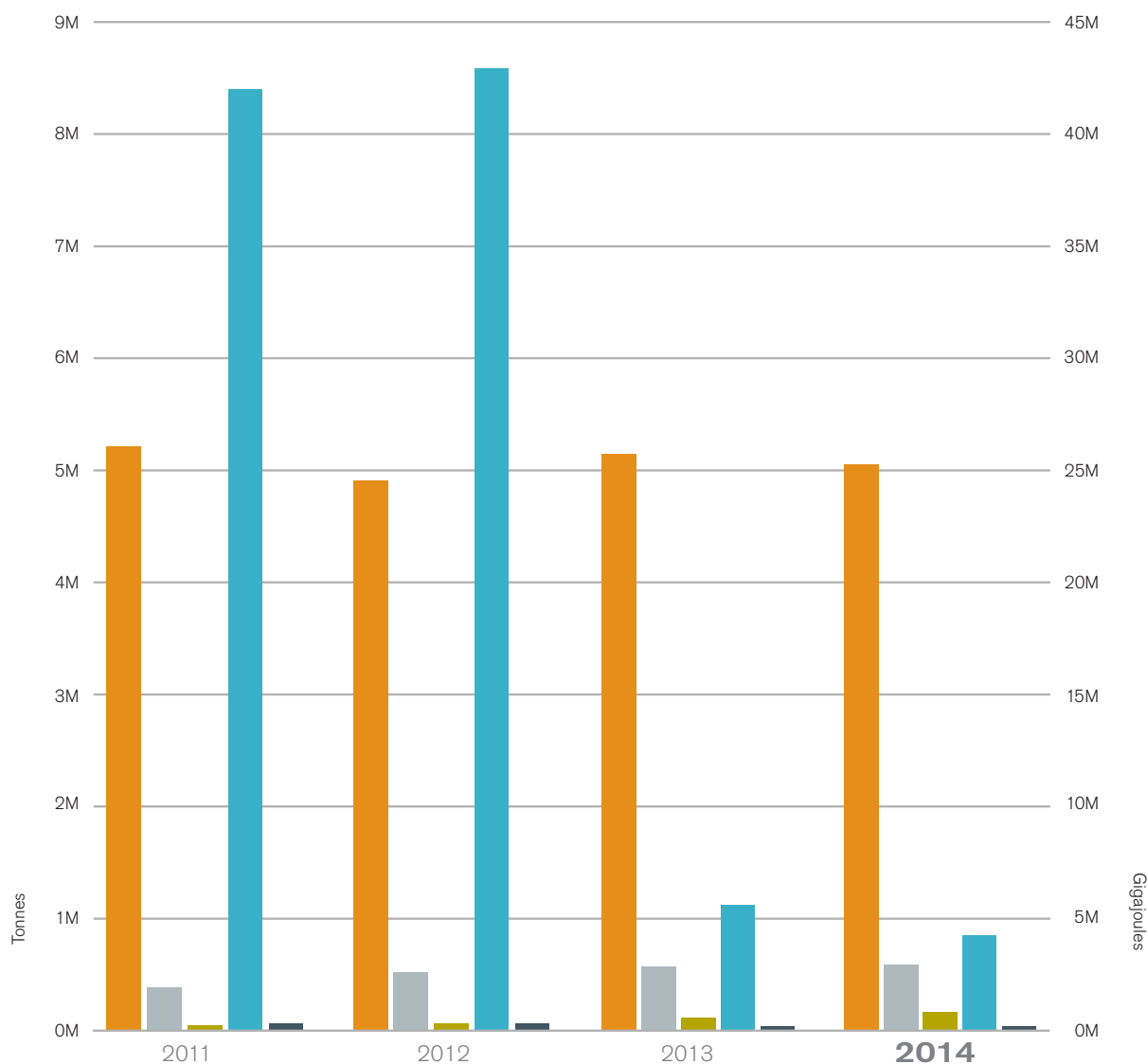
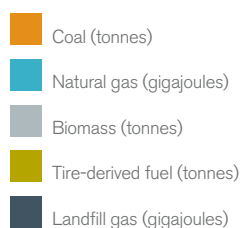
FUEL CONSUMPTION IN 2014, CONTINUED

MATERIALS USED

➤ Coal is used at our Genesee, Roxboro and Southport facilities. Coal usage at Roxboro and Southport has decreased by over 54% since 2011, as the fuel mix has been optimized to increase the consumption of both biomass and tire-derived fuel. In 2014, coal represented only 8% of the overall fuel mixture of Roxboro and Southport.

➤ Coal usage at our Genesee facility has varied slightly over the past four years, mainly due to the length of maintenance outages at our Genesee 3 facility in 2012.

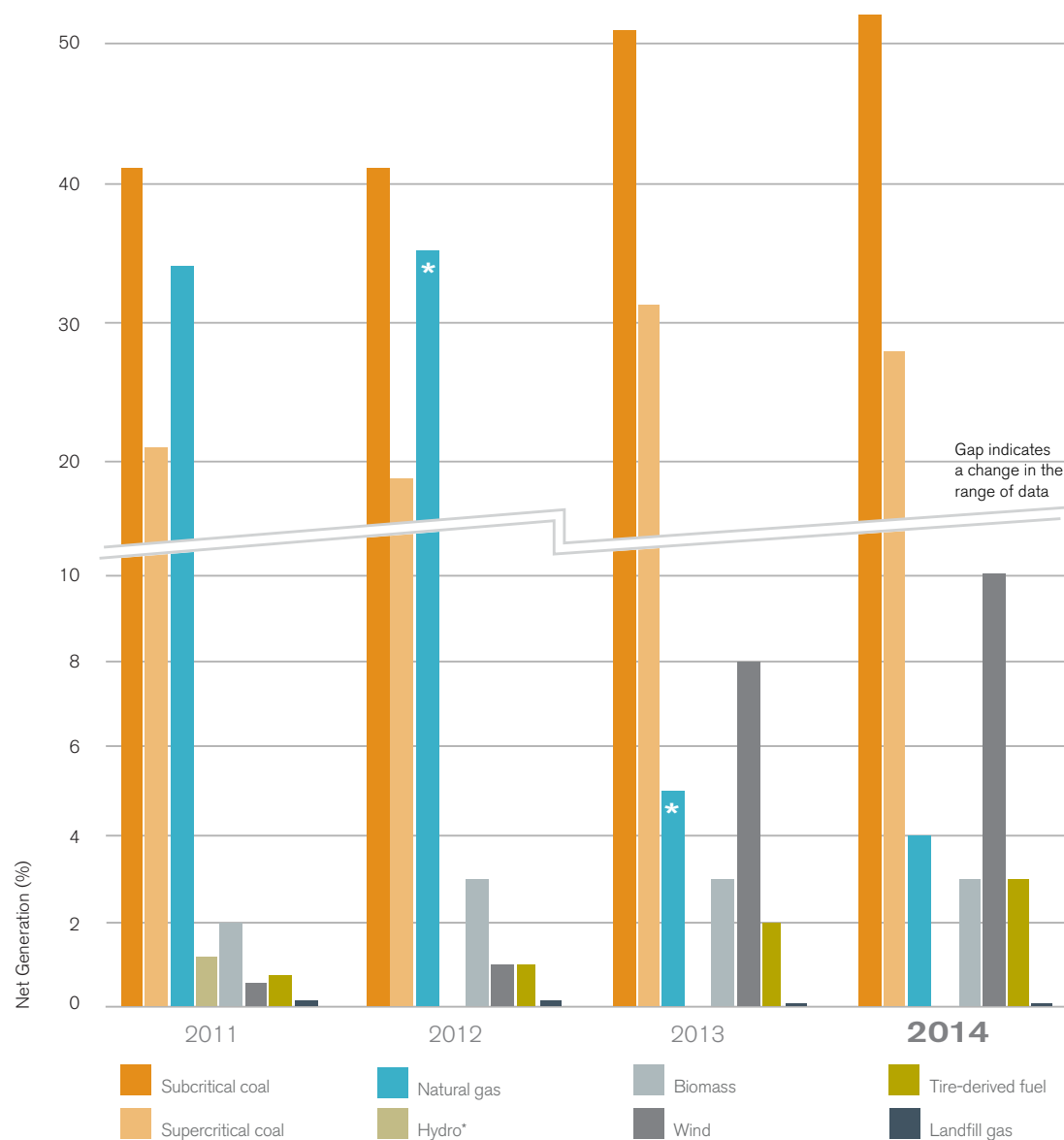
➤ Natural gas usage decreased in 2013 due to the sale of the New England assets and decreased again in 2014 due to less demand and operating hours at our peaking facilities.



FUEL CONSUMPTION IN 2014, CONTINUED

NET GENERATION BY ENERGY SOURCE (%)

- Sub-bituminous coal is used at Genesee 1, 2 and 3, as well as our Roxboro and Southport facilities. Sub-bituminous coal is low in Sulphur and burns hotter than other varieties of coal, which makes it ideal for electricity production.
- In 2014, relative percentages for coal and natural gas remained similar to 2013. With the sale of the New England natural-gas facilities in 2013, the relative percentages for coal and natural gas changed in 2013: subcritical coal increased by 10%, supercritical coal increased by 12%, and natural gas decreased by 30%. Even though the coal percentages increased, actual generation in 2013 from coal only increased by 7%, whereas generation from natural gas decreased by 89%.
- Coal handling optimizations and other efficiency upgrades occurred at the Genesee Generating Station in 2013 and 2014.
- The use of biomass and tire-derived fuel has increased over the past four years. Our Roxboro and Southport facilities optimized their fuel mix for increased consumption of biomass and tire-derived fuel and decreased their consumption of coal.
- For information on the production capacity, energy source, location, and ownership interests for Capital Power's 17 facilities, please see the tables provided in [Capital Power's 2014 Annual Information Form](#), and the [2014 Annual Report](#).



Production (MWh) includes both electricity and exported steam. Steam production was converted from GJ to MWh using a conversion factor of 3.6 GJ/MWh to allow aggregation. Production statistics differ from other published statistics due to differences in reporting scope.

* We no longer generate electricity from hydro since the sale of our two hydroelectric facilities in 2012.

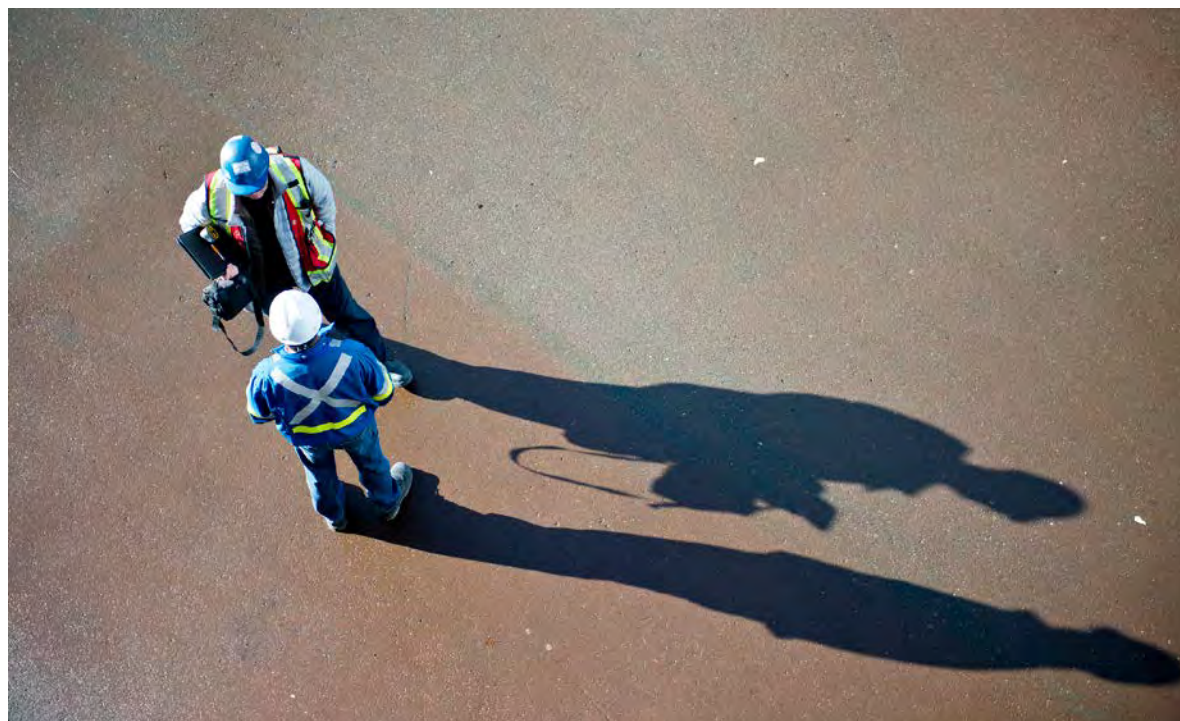
* Electricity generated from natural gas in 2013 decreased from 2012 due to the sale of our New England facilities in November 2013.

THERMAL EFFICIENCY FROM FOSSIL-FUEL FACILITIES



Measuring the thermal efficiency of a power plant provides a way to benchmark against other power plants.

Thermal efficiency compares how much energy an operator gets out of a plant versus how much energy was put in. The Clover Bar Energy Centre is a peaking facility, which means it has frequent startups and shut-downs, which leads to lower efficiency. Alternatively, base-loaded facilities generally have higher efficiencies. (Base loaded plants typically run at all times through the year compared to peaking plants that run only when needed.)



THERMAL EFFICIENCY

34%

Genesee 1&2
(subcritical coal)

38%

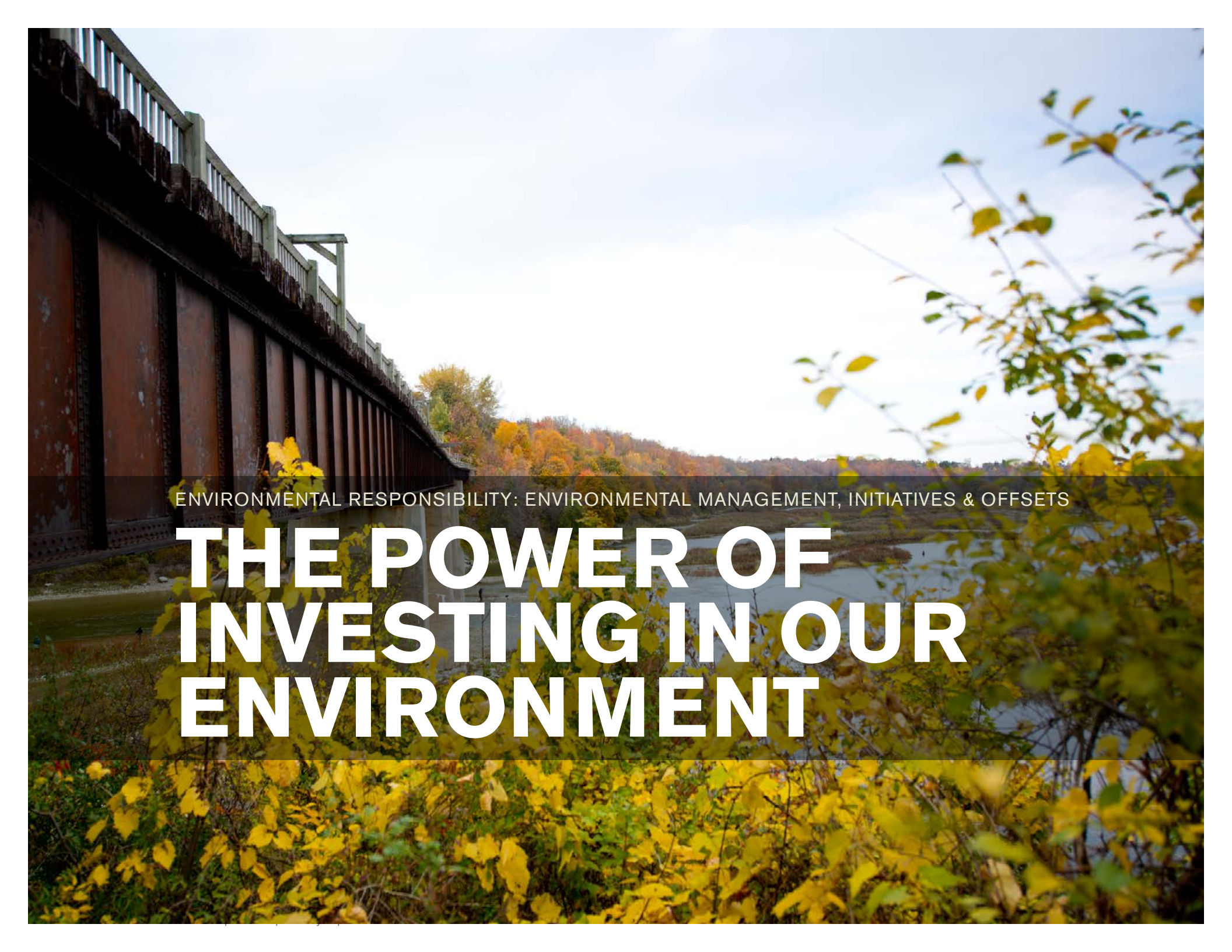
Genesee 3
(supercritical coal)

46%

Island Generation
(combined cycle)

35%

Clover Bar Energy Centre
(simple cycle)



ENVIRONMENTAL RESPONSIBILITY: ENVIRONMENTAL MANAGEMENT, INITIATIVES & OFFSETS

THE POWER OF INVESTING IN OUR ENVIRONMENT

ENVIRONMENTAL PERFORMANCE AT-A-GLANCE

KEY FACTS

30,500 trees were planted

in 2014 as part of reclamation at Capital Power's Genesee Mine



Decreased overall emissions by

just under 18% since 2011



Increased the share of production from
our renewable energy portfolio from

4% in 2011 to 16% in 2014



Zero fines

for environmental non-compliance in 2014





THE POWER OF STEWARDSHIP



We are responsible stewards of the environment, working to minimize the impact of our operations, while producing maximum power availability at our facilities.

Our duty as a corporation is to comply with the laws, regulations and guidelines set out for us – and, by doing so, help achieve national, provincial and state environmental and health objectives.

We take environmental action by meeting all requirements established by our regulators (see page 29, Precautionary Principle) and are building power generation with less carbon-intensive fuels to better protect our air, land, water and biodiversity.

We are building power generation with less carbon-intensive fuels.

THE POWER OF SUSTAINABILITY

To achieve this, Capital Power:

- Has been steadily expanding our renewable energy portfolio from 4% in 2011 to 16% in 2014 (by % net generation in MWh).
- Invested over \$1.2 billion in four wind sites since 2012, increasing our wind generation from 1% to 10% in the past three years
- Uses the best available technology to reduce emissions and the impact on the environment
- Has an award-winning land reclamation program
- Does not operate in or near protected areas or in areas of high biodiversity
- Diligently tracks and works on mitigating environmental spills and releases to improve year over year
- Operates our facilities safely, efficiently and with good maintenance practices.



Our operations are subject to wide-ranging laws, regulations and guidelines relating to:

- The generation of electricity
- Pollution, and protection of the environment
- Health and safety
- Air emissions
- Water usage
- Wastewater discharges
- Hazardous material handling and storage
- Treatment and disposal of waste and other materials
- Remediation of sites
- Land-use responsibility.

In 2015, we are further investing in renewables by constructing Beaufort Solar, our first solar project, in North Carolina. We are also adding used railway ties to the fuel mix at our Southport solid fuels facility, diverting the ties from landfills.

ENVIRONMENTAL MANAGEMENT



We have a robust Enterprise Risk Management (ERM) Program to identify, evaluate, report and monitor key environmental risks (See 2014 Annual Report). This Program aligns with the International Organization for Standardization's (ISO) standard for risk management, ISO 31000, and provides us with a globally-recognized framework to manage and report on environmental issues.



MANAGING ENVIRONMENTAL RISK

In our business, we consider environmental risk from many perspectives:

- Political
- Legislative and regulatory implications
- Technology
- Physical dimensions – such as impacts from weather
- The potential for environmental matters to give rise to litigation or changes in reputation.

We also follow best practices such as:

- Complying with all applicable laws, regulations and guidelines, and monitor performance by undertaking environmental compliance audits with corrective actions as necessary.
- Consulting with all levels of government regarding policy development and current and potential legislation. Since 2013, Capital Power participated with industry, government and non-government organizations in the five-year Clean Air Strategic Alliance Review of the Alberta Electricity Framework.
- Proactively identifying environmental risks within operations, maintenance and construction activities and promoting awareness of these risks and mitigation measures throughout the company.
- Ensuring that employees and contractors align with our environmental policies and procedures.

ENVIRONMENTAL COMPLIANCE

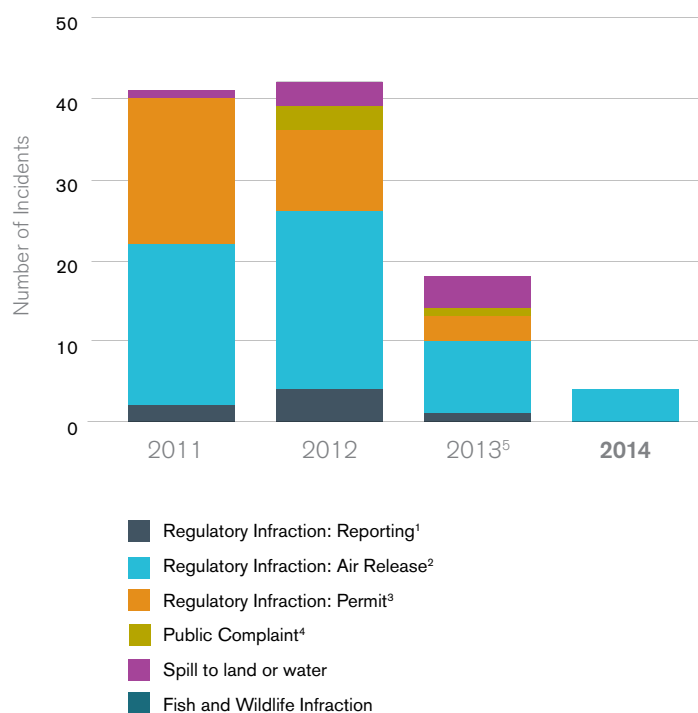
We are proud of our environmental performance and our transparency in reporting on our operations. For the past two years, we had no fines for environmental non-compliance, compared with one in 2012.

We recorded a total of four environmental incidents in 2014, a reduction of 78% from the 18 incidents reported in 2013. All four of the incidents were minor in nature and were reported to the regulators and closed with no further action required.

We attribute 2014 performance to the strong emphasis that our environmental management systems place on continuous improvement and learning from past incidents. Established in 2013, we use leading and lagging indicators (see page 36, Leading and Lagging Performance Indicators Results) to monitor the effectiveness of the management systems and progress towards desired company performance. Targets are set for improved performance, which are tied to our performance incentives. Prompt and transparent reporting of all incidents (including to our Health, Safety and Environment Committee of our Board of Directors), regardless of their magnitude, has heightened employee awareness of issues, which is driving performance and environmental responsibility in our workplace.

REPORTABLE ENVIRONMENTAL INCIDENTS

REPORTABLE ENVIRONMENTAL INCIDENTS



OZONE-DEPLETING SUBSTANCES

A minor leak in 2014 released approximately 50kg (equivalent to 91 tonnes of CO₂e) of the refrigerant R22 due to a failed gasket. The refrigerant is used in the gas dryer at our Clover Bar Landfill Gas facility. The gasket was replaced and the system was re-filled with refrigerant. The incident was reported to the regulator and closed with no further action required.

HAZARDOUS WASTE

We do not generate hazardous waste, and use contracted waste distributors to remove hazardous recyclables, such as oil, from site.

- 1 Incidents that are administrative in nature such as unauthorized late report submissions, lapsed certifications, or failures to report.
- 2 Regulatory Infraction – Air Release: incidents which contravene a regulation or other applicable law, a site permit/licence, or site operating approval specifically to air emissions (i.e. opacity, NO_x, CO₂, SO₂).
- 3 Regulatory Infraction – Permit: incidents which contravene a regulation or other applicable law, a site permit/licence, or site operating approval (i.e. exceed temperature, Total Suspended Solids (TSS), pH limit, or failure to collect required samples.)
- 4 Public Complaint incidents are those which are attributable to Capital Power operations.
- 5 Five incidents occurred at the New England facilities in 2013. Due to the divestiture of the New England facilities, these five incidents were removed from the incident total.



THE POWER OF CLIMATE ACTION

AIR EMISSIONS & WATER USE



We are committed to reducing our impact in support of climate change action plans in our jurisdictions of operation. A critical component of this is managing greenhouse gas (GHG) emissions for the near, medium and long-term.

16% of our
net generation was
from renewables

AIR EMISSIONS, CONTINUED

Highlights of our current practices in this area include:

INVESTING IN THE DEVELOPMENT OF RENEWABLE ENERGY:

- 16% of Capital Power's net generation was from renewables (wind, biomass, tire-derived fuel, and landfill gas).
- Since November 2012, Capital Power has invested over \$1.2 billion in four wind sites, leading to a ten-fold increase in our wind capacity.
- Our facilities in Southport and Roxboro, North Carolina, have Renewable Energy Certificates (RECs). Both facilities blend a fuel made from recycled tires, biomass (wood waste) and coal. Since 2011, the combined use of coal (in GJ) at these facilities has decreased by over 54%. In 2014, coal represented only 8% of the overall fuel mixture of these facilities.
- In December 2014, Capital Power acquired Element Power U.S., LLC. The acquisition of Element Power provides us with a portfolio of 10 wind and four solar energy development sites in the United States. The acquisition also included Macho Springs, a 50 MW wind project in New Mexico that has been operating since 2011 under a 20-year PPA with Tucson Electric Power.
- Capital Power, in partnership with Pattern Renewable Holdings Canada ULC and Samsung Renewable Energy Inc., constructed the 270 MW K2 Wind facility in Ontario, which became operational in June 2015.

REDUCING AND OFFSETTING GHG EMISSIONS:

- In Alberta, we retired over 700,000 tonnes of GHG offsets for our Specified Gas Emitters Regulation (SGER) compliance obligation.
- In 2014 Capital Power retired 8,280 Canadian renewable energy credits (RECs) from green energy facilities to offset the 2013 power consumption of our Edmonton and Calgary offices. 663 Canadian-based offsets were also retired against the 2013 natural gas consumption of these offices for a total of approximately 2,679 metric tonnes of carbon dioxide equivalent. Capital Power intends to offset the 2014 power and natural gas consumption of the Alberta offices, once the volumes required have been finalized.
- We are developing new sources of power generation to replace older coal-fired units, which will be retired to meet Canadian federal regulations. By capacity, the regulation will close 14% of Alberta's coal power generation facilities by 2019, rising to 28% in 2027 and 59% by 2029.
- We have invested in a broad portfolio of carbon offset projects including biofuel production, wind generation, N₂O abatement, acid gas injection, landfill gas, agricultural nitrous oxide emissions reduction and conservation cropping to meet current and future requirements.
- Since 2007, Capital Power has registered nearly 10 million tonnes of carbon offsets for the Alberta market.

In 2014, Capital Power invested over \$10 million in Alberta-based offset projects that reduce local GHG emissions.

To lay the groundwork for medium- and long-term transition to lower-emission and zero-emission technologies, we also pursue scientific and engineering research. Capital Power supports university scientists and engineers in both basic and applied research, including a partnership in the University of Alberta's Canadian Centre for Clean Coal/Carbon and Mineral Processing Technologies.

GREENHOUSE GAS EMISSIONS

Across our North American operations, GHG emissions were 9.86 million tonnes carbon dioxide equivalent (tCO₂e) in 2014, compared to 9.74 million tCO₂e in 2013.

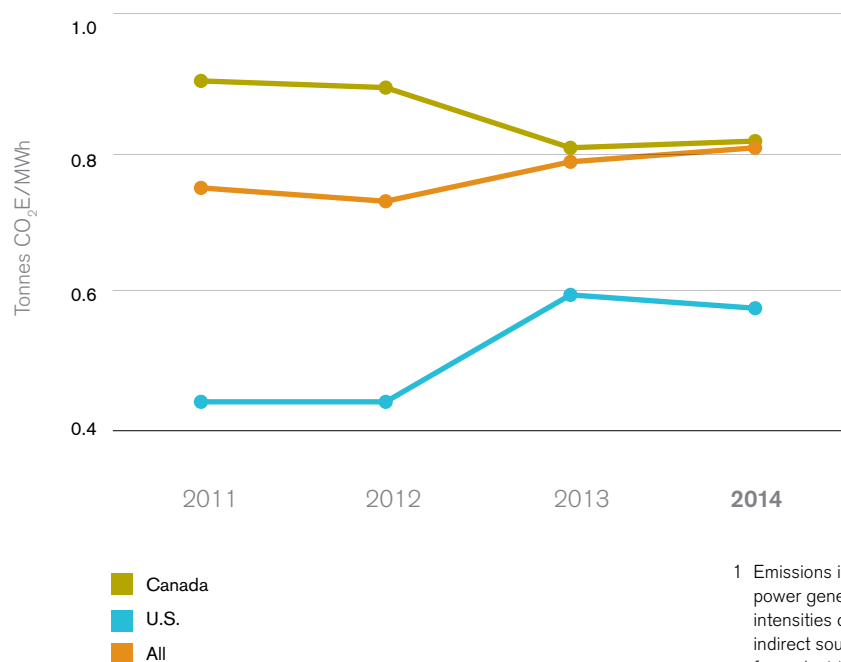
Year-over-year changes in GHG emissions, emission intensity, and offsets are generally caused by:

- Changes in power production volume (the length of maintenance outages at thermal facilities can have a significant impact on single-year results from individual facilities)
- The introduction of new technologies that increase efficiency or decrease emissions
- Changes in emission reduction or offset requirements, and
- Changes in our generating facilities, such as the development and acquisition of cleaner facilities, add to emission volumes while decreasing emission intensity (i.e. natural gas, biomass, and tire-derived fuel facilities), while the addition of non-emitting sources (i.e. wind energy) leaves emission volumes unchanged and decrease emission intensity.

➤ Since 2011, our overall emissions decreased by just under 18%. In 2014, we had a higher emissions intensity as a result of lower production from natural-gas facilities (due to the sale of our New England natural gas assets in November 2013).

➤ Since 2011, our Canadian emission intensity decreased by almost 10%. This is due in part to our wind energy developments between November 2012 and November 2013, length of maintenance outage at our Genesee 3 facility, and facility optimizations.

EMISSIONS INTENSITIES¹ GREENHOUSE GAS^{2,3} EMISSIONS BY COUNTRY



➤ Our U.S. emission intensity increased in 2013 as a result of the sale of the New England natural-gas facilities and decreased in 2014, due to fuel mix optimizations at our North Carolina facilities.

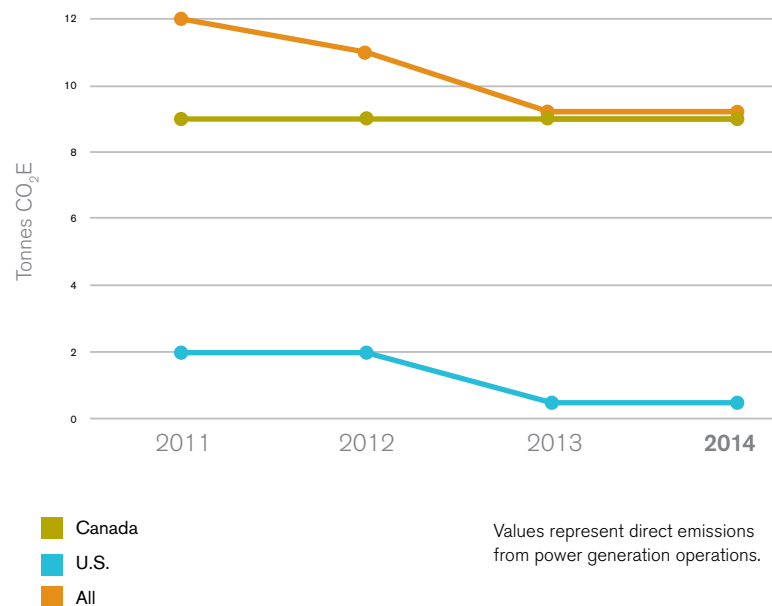
¹ Emissions intensities include only power generation operations. Emissions intensities do not include emissions from indirect sources, such as those resulting from electricity usage at our offices. Intensity is calculated using the net production (MWh) from all Capital Power facilities, including all renewable and fossil fuel facilities.

² In accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard [World Resources Institute and World Business Council for Sustainable Development (2004)], carbon dioxide released at facilities from combustion of biomass and landfill gas are not included in emissions totals and intensities.

³ GHG emissions intensities are stack emissions only, and do not reflect the impact of offsets.

GREENHOUSE GAS EMISSIONS, CONTINUED

TOTAL AIR EMISSIONS – GREENHOUSE GASES

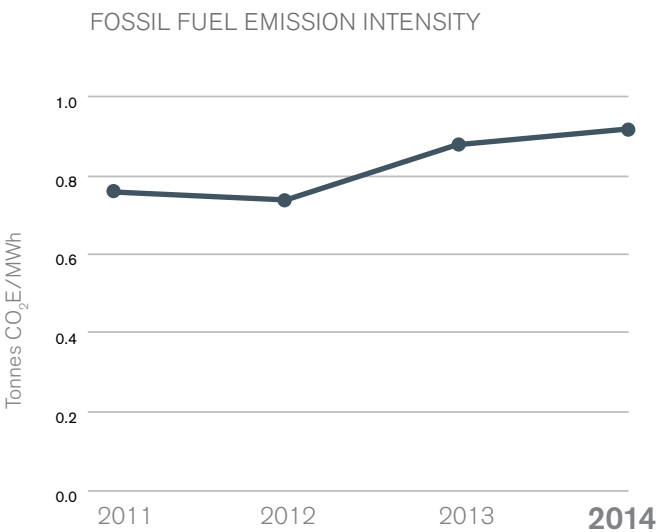
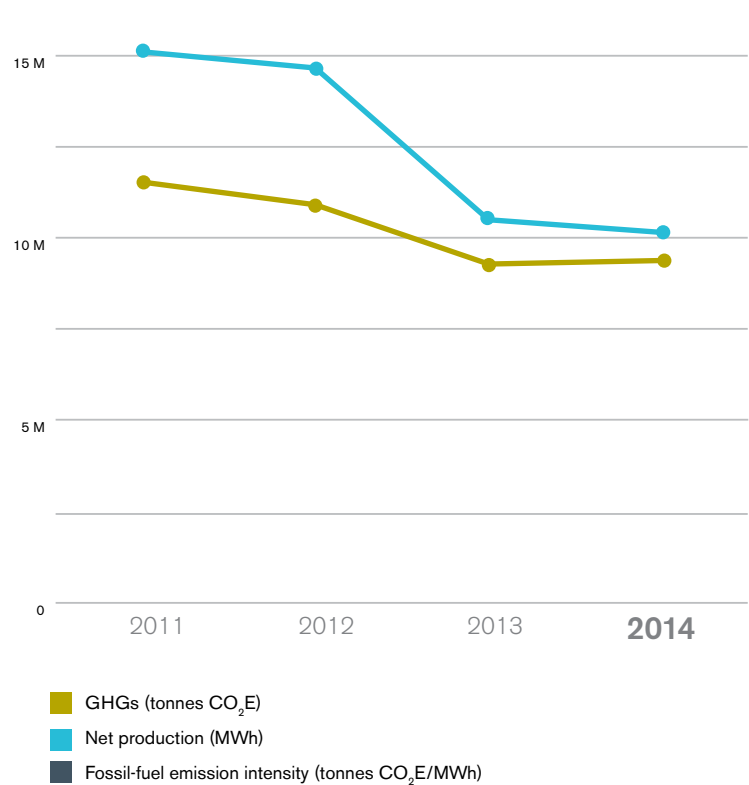


Since 2011, our overall GHG emissions have decreased by just under 18%. The decrease of our U.S. GHG emissions is largely due to the sale of our New England natural gas facilities in 2013, and fuel mix optimizations at our North Carolina facilities. Since 2011, the combined use of coal (in GJ) at our North Carolina facilities has decreased by over 54%. In 2014, coal represented only 8% of the overall fuel mixture of these facilities.



GREENHOUSE GAS EMISSIONS, CONTINUED

GREENHOUSE GAS EMISSIONS AND INTENSITY FROM FOSSIL FUEL FACILITIES

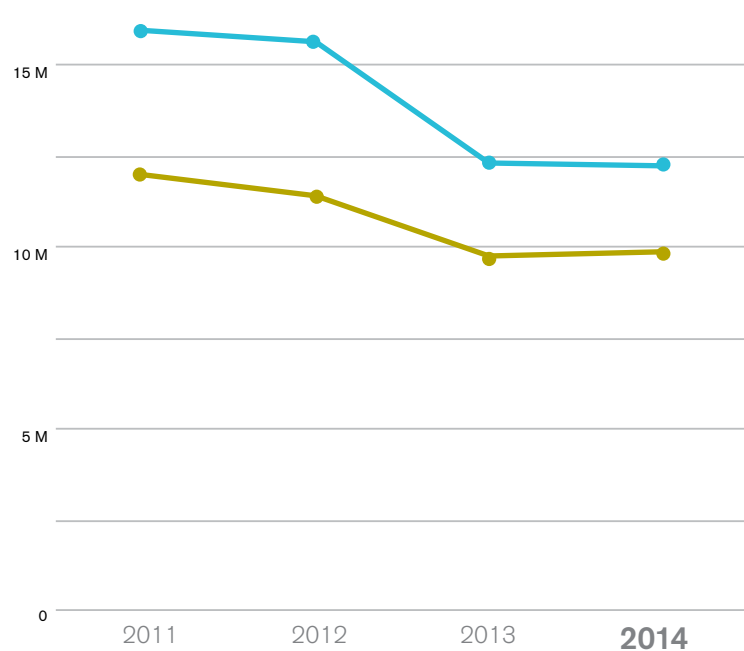


➤ This graph only includes the emissions and generation from Capital Power's fossil fuel facilities. Since 2011, GHG emissions from fossil fuel facilities decreased by just under 19%. In 2014, we had a higher emissions intensity as a result of lower production (due to the sale of our New England natural gas assets in November 2013).

Since 2011, GHG emissions from fossil fuel facilities decreased by just under 19%.

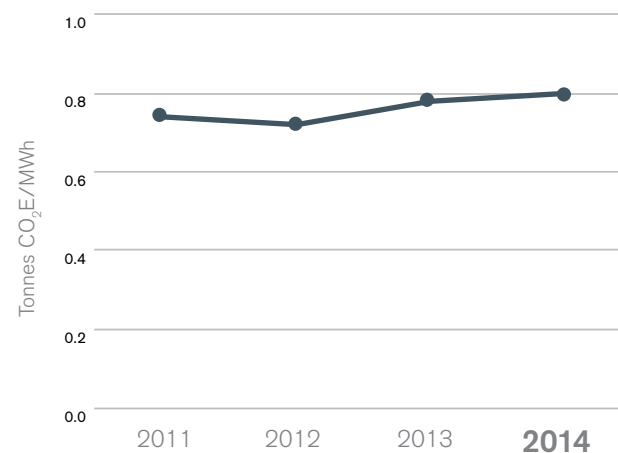
GREENHOUSE GAS EMISSIONS, CONTINUED

GHGS – INTENSITY FROM CANADIAN AND U.S. POWER GENERATION FACILITIES



- GHGs (tonnes CO₂E)
- Net production (MWh)
- Power generation facilities' emission intensity (tonnes CO₂E/MWh)

POWER GENERATION FACILITIES' EMISSION INTENSITY



Since 2011, Capital Power's overall emissions decreased by just under 18%. In 2014, we had a higher emissions intensity as a result of lower production (due to the sale of our New England natural gas assets in November 2013).

OTHER AIR EMISSIONS

OUR EMISSIONS PROFILE

The fuel mix of our power generation facilities' includes coal, solid fuel (tire-derived fuel and biomass), natural gas, and wind. Coal and solid fuel generation creates higher and more types of emissions than natural gas, while wind has zero emissions. The most obvious determinant of emissions is the generation output, or how many hours per year the facilities' operate.

The relative size of each generation facility makes it challenging to compare facilities across the fleet. Specifically, Genesee dominates both generation output and emissions.

We meet or are below set regulatory requirements in all jurisdictions and all our air emissions that are part of any approval or permit are available publicly once the report is submitted to a regulator.

- In 2014, 80% of our net generation came from coal, 4% came from natural gas, and 16% resulted from renewables (wind, biomass, tire-derived fuel, and landfill gas)
- The combustion of any fuel emits GHGs and oxides of nitrogen (NO_x)
- The combustion of coal, biomass, or tire-derived fuel (TDF) releases sulphur dioxide (SO₂), metals, and other compounds to the atmosphere.
- The most significant emissions from fuel-fired generation, excluding GHG, include NO_x, SO₂, particulate matter (PM), and mercury.

MERCURY EMISSIONS DECREASED

In 2014, Genesee Units 1, 2 and 3 passed the four-year milestone operating with the Activated Carbon Injection (ACI) system, which is used to lower mercury concentration in flue-gas emissions.

In 2014, Genesee 1 and Genesee 2 had a capture rate of 82% and Genesee 3 had a capture rate of 87%, which was better than the 2014 target requirement of 80% capture. We will continue to monitor and adjust injection rates to meet future targets.

OXIDES OF NITROGEN, SULPHUR DIOXIDE AND PARTICULATE MATTER

Our Genesee 1 and 2 facilities are Capital Power's main contributors of NO_x, SO₂ and PM emissions. Genesee 3, co-owned with TransAlta, has much lower NO_x and SO₂ emissions due to the addition of pollution control equipment such as low NO_x burners and flue-gas desulphurization.

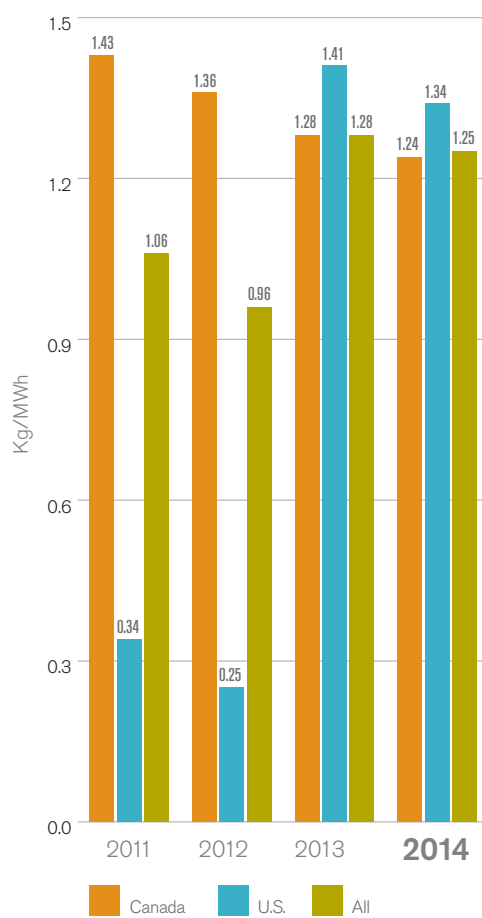
Genesee Unit 3, as a transitional unit, must meet the Clean Air Strategic Alliance Electricity Project Team (CASA EPT) NO_x (0.69 kg/MWh) and SO₂ (0.80 kg/MWh) standards for new thermal generation units by December 31, 2015. Capital Power already meets, and has been consistently better than, the NO_x standard.

In 2012, we submitted a CASA Implementation Plan for Genesee Unit 3 to Alberta Environment and Sustainable Resource Development (AESRD), and expect to meet the emissions intensity limits for SO₂ by the December 31, 2015 deadline. We completed several optimization projects on the unit's flue gas desulphurization system, which is expected to achieve a 19% decrease in SO₂ to meet the limit.

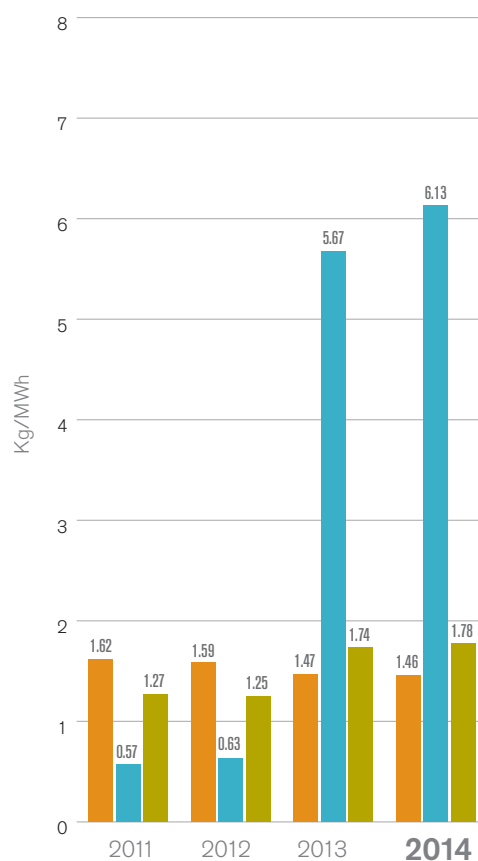
OTHER AIR EMISSIONS, CONTINUED

EMISSIONS INTENSITIES ¹

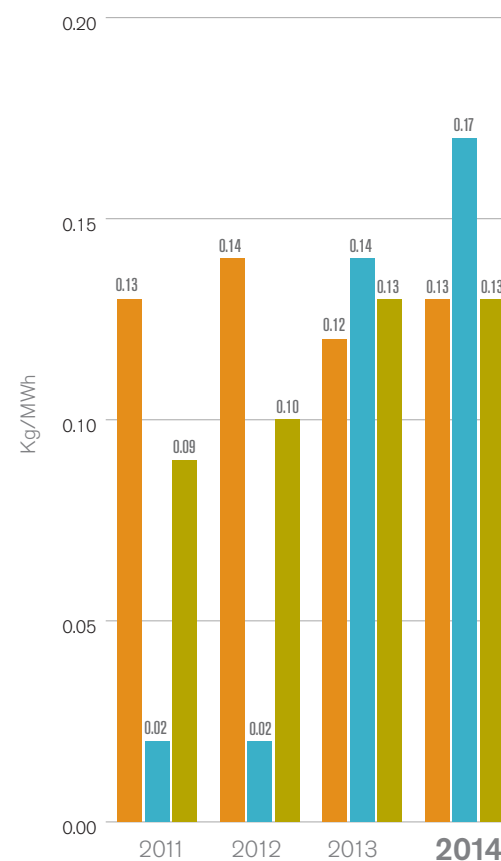
OXIDES OF NITROGEN



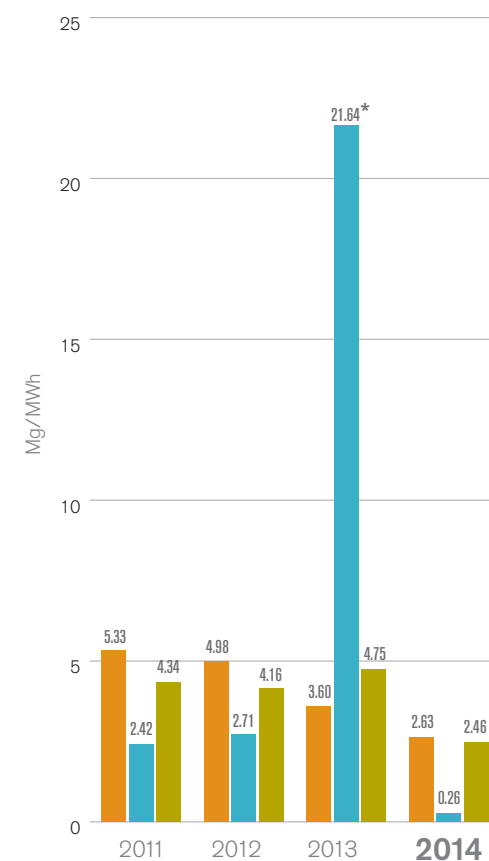
SULFUR DIOXIDE



TOTAL PARTICULATE MATTER



MERCURY



¹ Emissions intensities include only power generation operations. Emissions intensities do not include emissions from indirect sources, such as those resulting from electricity usage at our offices. Intensity is calculated using the net production (MWh) from all Capital Power facilities, including all renewable and fossil fuel facilities.

* Due to the sale of the New England natural-gas facilities in 2013, the U.S. specific emissions intensities for mercury increased.

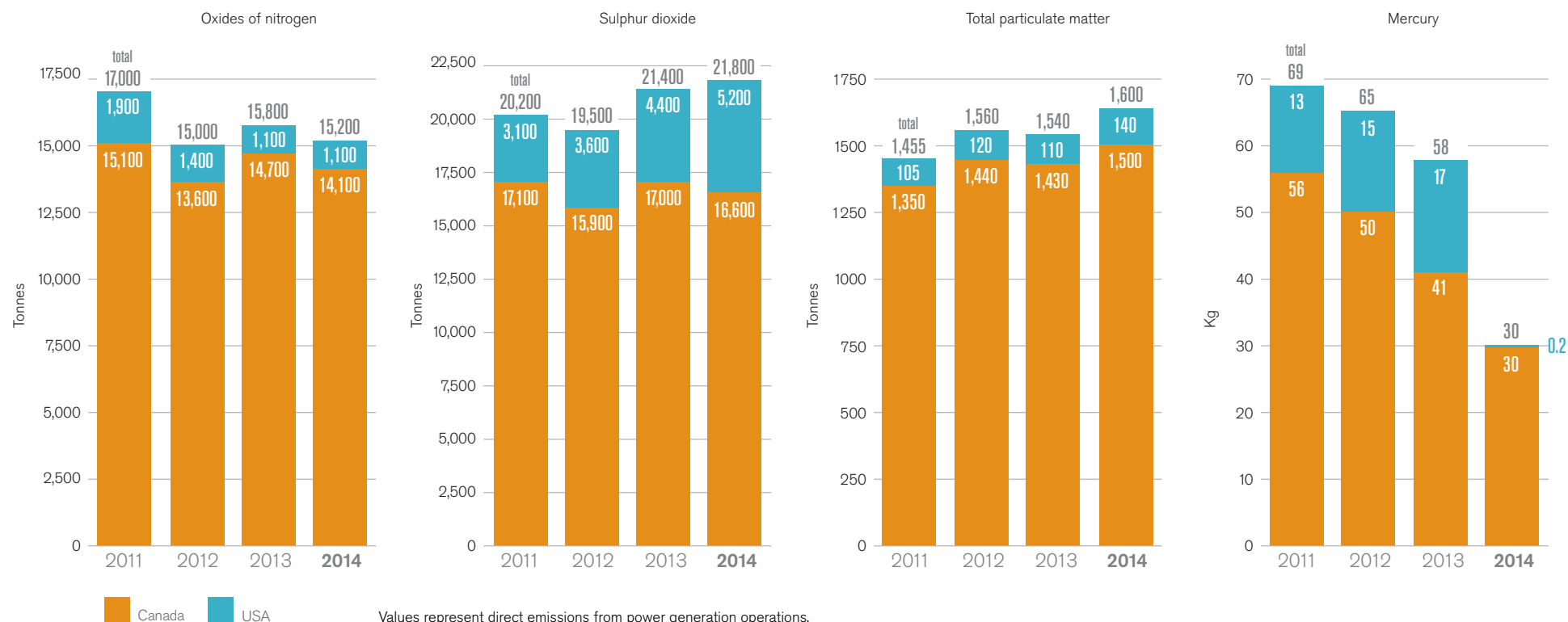
OTHER AIR EMISSIONS, CONTINUED

TOTAL AIR EMISSIONS



Year-over-year variance is primarily due to fuel mixture, the number of operating hours of each facility, acquisitions and developments, as well as the sale of our hydro facilities and the New England natural-gas facilities in 2012 and 2013, respectively.

Since 2011, the combined use of coal (in GJ) at our U.S. facilities has decreased by over 54%. In 2014, coal represented only 8% of the overall fuel mixture of these facilities. Decreased coal consumption and updated emission factors resulted in decreased U.S. mercury emissions in 2014. Tire-derived fuel consumption increased by 40% at Southport and Roxboro in 2014. Increased usage of tire-derived fuel displaced the burning of coal and increased SO₂ emissions.



RESPONSIBLE WATER USE

Water use at our generation facilities serves two major purposes: cooling and steam production. Steam is used to create electricity and is also used by industrial customers.

For the most part, our steam systems are close-looped allowing us to conserve as much water as possible. This means water is heated into steam, condensed back into water and reused. Cooling water systems are similar, yet may draw from an external water source and discharge back into that source. Some water is lost in the process through natural evaporation into the atmosphere, remaining in the water cycle.

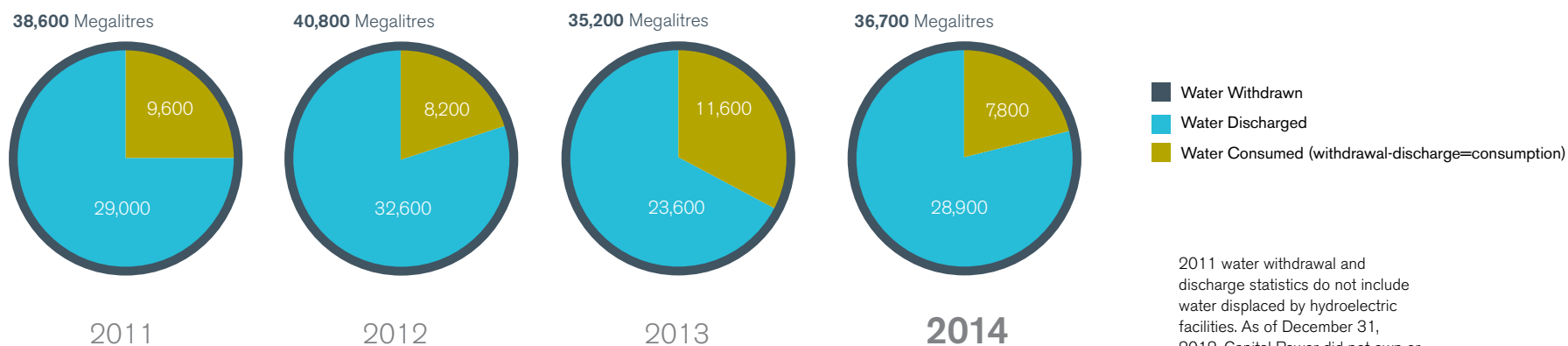
Approximately 92% of Capital Power's water is drawn from the North Saskatchewan River in Alberta and 84% is returned back to the river. Other water sources include municipal water and recycled water.

Since 2010, Capital Power has been a member of the North Saskatchewan Watershed Alliance, part of the Alberta Government's Water for Life initiative.

WATER CONSUMPTION FOR PLANT OPERATIONS

Since 2011, water consumption has decreased by just under 19%. In 2013, due to the Alberta floods, the water supply at the Genesee pumphouse located near the North Saskatchewan River was compromised; water was retained in the cooling pond which decreased the overall water discharged and increased the overall water consumption in 2013. This resulted in an atypical water withdrawal year. 2014 performance returned to 2011 and 2012 levels, with the exception of a decrease in withdrawals due to the sale of the New England natural gas assets in November 2013.

APPROXIMATE WATER WITHDRAWALS AND DISCHARGES (MEGALITRES)





THE POWER OF EMISSIONS OFFSETS



Our Alberta-based plants are subject to the Specified Gas Emitters Regulation (SGER) under the *Climate Change and Emissions Management Act* (Alberta).

SGER requires companies that emit more than 100,000 metric tonnes of carbon dioxide equivalent (metric tCO₂e) to reduce the emission intensity of a facility by 2% per year to a maximum of 12%, compared to the calculated baseline intensity for the specific facility. In 2014, we retired 708,732 tonnes of Alberta based SGER eligible GHG offsets, which were created primarily from biofuel production, wind generation, N₂O abatement, acid gas injection, landfill gas and conservation cropping.

Capital Power retired over **1.7M offsets** in 2014 for the compliance obligations of our Alberta-based plants.

In addition to SGER compliance requirements, we also committed, under Genesee 3's Environmental Protection and Enhancement Act Approval, to reduce its GHG emissions annually to the level of emissions of a natural-gas combined-cycle plant, which is approximately a 53% reduction. Offsets have been retired every year since commissioning in 2005, and will continue to be retired to meet this obligation going forward. Over a million offsets were retired in 2014 for this requirement including those created from forestry, renewable energy, landfill methane, coal mine methane and agriculture soil projects.

LEADING EMISSION OFFSET PRACTICES



We used offsets to satisfy
100% of our Alberta
compliance obligation
for 2008-2012 and 2014.

We have been active in the procurement of Alberta offsets since 2005, even before the Specified Gas Emitters Regulation came into effect in 2007.

Since 2007, we have registered nearly 10 million tonnes of carbon offsets for the Alberta market and entered into more than 35 offset purchase agreements. In 2014 alone, we purchased over \$10 million in emission offset credits.

We have expertise in the origination, purchase, and sale of verified emission offsets. We also developed two of the Alberta Offset System Quantification Protocols and have participated in several working groups for Alberta Offset Protocol revisions.

We used offsets to satisfy 100% of our compliance obligation for 2008-2012 and 2014. These emission offsets are audited and verified annually by independent third-parties. We anticipate continuing to use offsets to meet a substantial portion of our future compliance obligations.

See Report Scope (See page 98, Report Scope) for an explanation of which facilities and offsets are included in these totals. For example, no emissions or offsets are included with respect to Capital Power's 50% ownership interest in Keephills 3 because Capital Power does not hold the operating permit; however, 100% of emissions and offsets are included from Genesee 3, where Capital Power is the operator, despite Capital Power owning only 50% of this facility. This approach also aligns with Canadian federal reporting requirements, where operators report 100% of facility emissions rather than emissions based on their proportional ownership interest.

PARTNERING WITH THE CANADIAN FERTILIZER INSTITUTE AND FARMERS EDGE TO DEVELOP CARBON OFFSETS



In December 2014, Capital Power finalized an exclusive agreement with Farmers Edge, a global leader in precision agriculture and independent data management solutions, to develop carbon offsets eligible for use in the Alberta SGER Program. The project builds upon the Farming 4R Land Program, which was developed by the Canadian Fertilizer Institute (CFI), in partnership with Alberta Innovates Bio Solutions, and funded by Alberta's Climate Change and Emissions Management Corporation (CCEMC).

We follow best practices to ensure that all offsets credits represent real, permanent reductions that are not double counted. Verified carbon offsets are critical to the successful functioning of a carbon-trading system and our approach to buying and selling only high-quality offsets has helped to develop this important market. Projects such as this help to shrink the net carbon footprint from power generation while supporting the responsible development of the carbon trading market in Alberta and other North American jurisdictions.





THE POWER OF SUPPORTING PRECIOUS LANDSCAPES

WILDLIFE SURVEYS AND MONITORING

Wildlife surveys and monitoring help us understand the impact of power generation on the wildlife living nearest to our operations.

Each year, wildlife biologists conduct local wildlife surveys. Our 2014 annual wildlife report included a vehicle-wildlife collision count, a peregrine falcon study and overwintering waterbirds surveys to monitor the population of ducks and geese on the Genesee Cooling Pond.

Two ungulate collisions, involving a deer and a moose, and one porcupine-vehicle collision were reported in 2014.

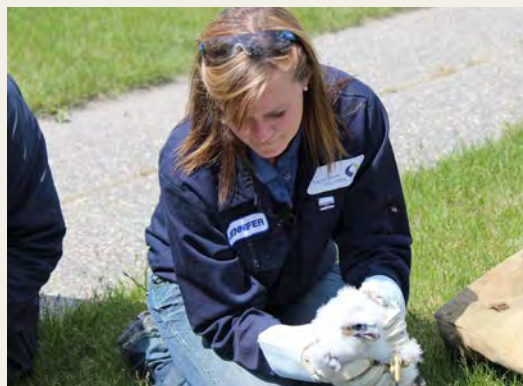
The overwintering waterbirds program follows the trend first documented in 2001, with high numbers of waterbirds in fall and spring and relatively low numbers during the winters. Fewer than 2,000 waterbirds have been present overwintering on the cooling pond since 2007.

In addition to the surveys, every five years we conduct surveys to monitor wildlife species composition and relative abundance, including species of management concern, to assist us in the responsible management of lands. These surveys to be conducted next in 2015, include ungulates, raptors, birds and amphibians. Our operations do not affect any wildlife on the International Union for Conservation of Nature and Natural Resources Red List species list.

WILDLIFE SURVEYS AND MONITORING, CONTINUED

GENESEE FALCONS

For 20 years, the Genesee Generating Station's south stack has been the starter-home to at least 45 peregrine falcons. The peregrine falcons return annually to breed following their fall migration from as far south as Venezuela, which is more than 6,500 km away from Genesee. The majestic birds were once considered close to extinction in Alberta but many factors contributed to their successful return; one of these has been the partnerships the Genesee crews have cultivated with provincial wildlife experts. What started as the construction of a safe nesting area has grown to include tracking and egg incubation. In 2014, four eggs were laid and hatched on our south stack.



To watch the Genesee falcons in their nest box, check out www.capitalpower.com/falcons.

REHABILITATED BALD EAGLE RELEASED AT GENESEE

In November 2013, a hunter found an adult male bald eagle near Spruce Grove, Alberta, and brought the bird to the Wildlife Rehabilitation Society (WRS) of Edmonton. WRS determined the eagle was suffering from lead poisoning, most likely from eating an animal shot with lead pellets.

It took nearly two months for the bald eagle to recover enough to be released back into the wild.

Due to its large land base and access to both the cooling pond and the river, Genesee was the perfect location to initiate a release. In January 2014, the eagle was released at the Genesee Lake Park on the west side of the cooling pond.

We also worked with the WRS in Edmonton to release rehabilitated ducks onto the cooling pond, with seven released in November and one in December.

BOW HUNTING MENTORING

We partner with Hunting for Tomorrow, a mentorship bow-hunting organization. In 2014, there were 78 registered hunters at Genesee. Animals harvested include two mule deer (one buck and one doe), two white tail deer (both bucks) and two moose (both bulls).

THE BUZZ AROUND GENESEE

Bees have been a vital part of the Genesee ecosystem for several decades.

The bees produce honey in hives located on more than 20 quarter sections of land around the power plant and the mine, with most of the hives owned by Busy Bee Farm, from New Sarepta, Alberta.

Each fall, we receive several dozen 1kg containers of honey from Busy Bee as thanks for hosting hives on the land, and we sell these to employees for \$5/container, with the proceeds going to the Warburg Christmas Elves.



BIODIVERSITY

GENESEE WABAMUN REGION BIOMONITORING PROGRAM

Biodiversity is important to Capital Power, which is why intensive monitoring programs are conducted at our operations to understand the potential impacts of power generation.



An air monitoring station near our Genesee Generating Station monitors air quality in the region.

Our biomonitoring program measures and assesses potential changes in environmental concentrations of several chemicals of potential concern (COPC) associated with aerial and water emissions from power generation, in addition to the monitoring of wildlife populations and habitat. The program uses nine designated terrestrial sampling locations across the geographic area, four air monitoring stations, and obtains surface water samples from three local lakes, the cooling ponds and three locations on the North Saskatchewan River. Expert environmental consultants complete routine monitoring of environmental media, including air, soil, vegetation, small mammals, fish, lake and river water, groundwater, sediment and benthic invertebrates.

In 2014, the Capital Power biomonitoring program at the Wabamun-Genesee region in west-central Alberta, was limited to surface water quality monitoring at the Genesee cooling pond. Air emissions from power generation, including nitrogen dioxide,

sulphur dioxide, fine particulate matter (PM_{2.5}), ozone and mercury, are monitored through an Acid Deposition, a Mercury Assessment and an Ambient Air Monitoring Program associated with the biomonitoring program. All other environmental media are monitored on a five-year basis with the next monitoring year occurring in 2015.

Capital Power has been working with the TransAlta Generation Partnership (TGP) on this comprehensive biomonitoring and associated air monitoring program since 2004. No significant changes have been detected either in water quality of the natural water bodies or ambient air quality within the region.

The results of all sampling and monitoring are submitted to Alberta Environment and Parks, and the results of the Ambient Air Monitoring Program are posted on the website of the West Central Airshed Society (WCAS). We also serve on the Board of the WCAS and support the society as part of our approval requirements.

Capital Power and the Mercury Deposition Network of North America have established one of only two mercury wet deposition monitors at the Genesee Air Monitoring Station in Alberta. We have also worked with Environment Canada to reconstruct a multi-species mercury deposition assessment.

In 2015, we plan to continue working with regulators to ensure our biomonitoring program continues to fulfil the intent of assessing the cumulative impacts of power generation.

LAND RECLAMATION & USE AT GENESEE

The landscapes around our operations are integral to the biodiversity of the regions in which we operate. Capital Power is committed to reclamation efforts that return land disturbed by our operations to its pre-mining state.

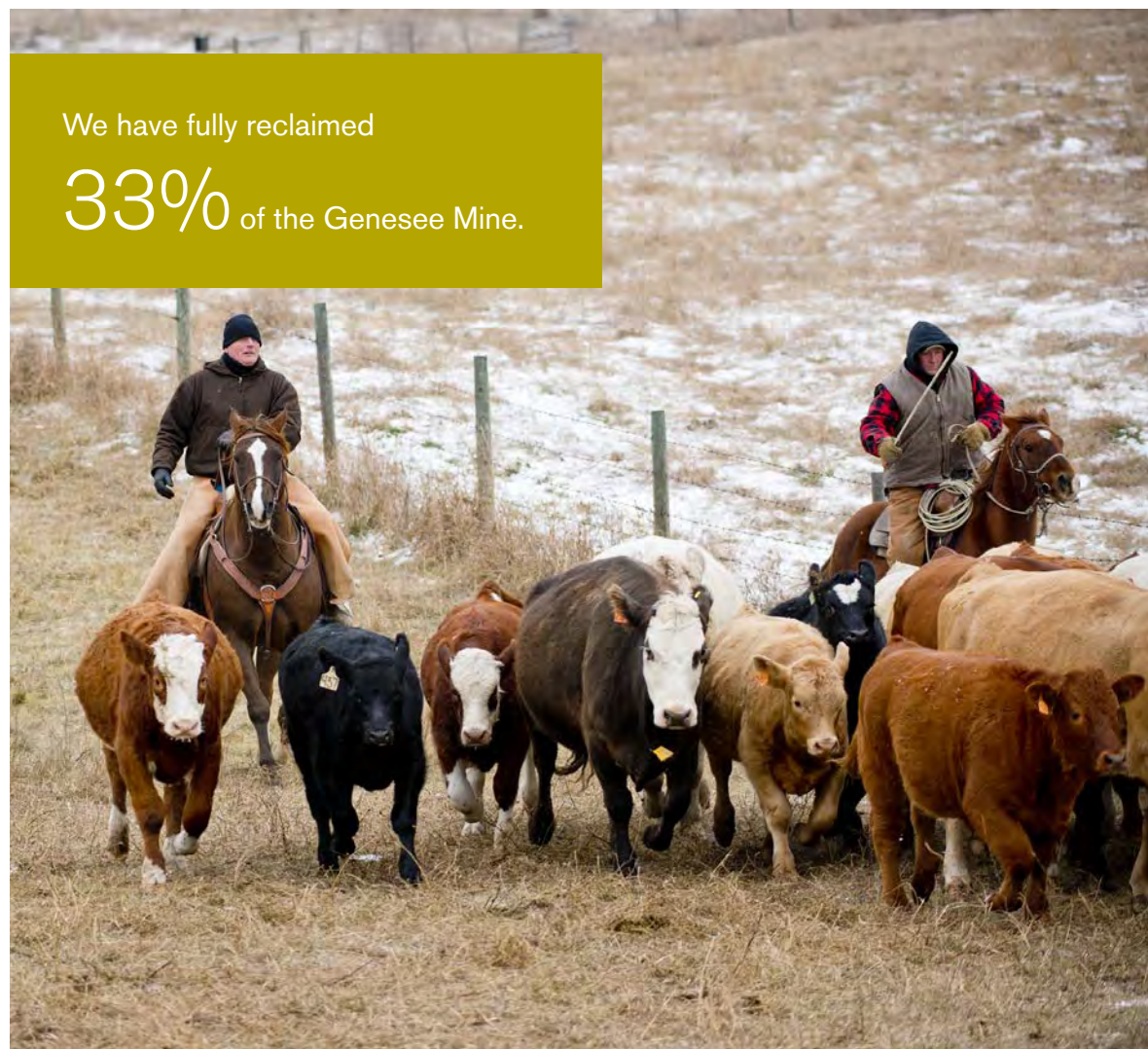
We protect and enhance biodiversity by varying the natural landscapes around our facilities in ways that can sustain multiple land uses, such as wetlands, cattle, and farming.

Land in the Genesee area is primarily farmland and, as such, reclamation efforts over the past 25 years have focused on returning mined land back into farmland. Reclamation efforts and research have also included reforestation techniques and wetland development.

This helps create a balance and diversity of landscape and land uses and provides habitat for the many species that populate the area.

We have fully reclaimed 33% of the Genesee Mine. To the end of 2014, reclamation at the Genesee Mine has returned about 2,240 acres/906 hectares of previously-mined area into productive farmland and wildlife habitat.

In addition to reclaiming significant portions of land for agricultural purposes, Capital Power is also finding ways of increasing biodiversity and sustainability by establishing forested areas and by planning for wetlands that will provide important wildlife habitats. A number of unique research projects are established on land within the Genesee Mine including an aspen tree research project operated by the University of Alberta.

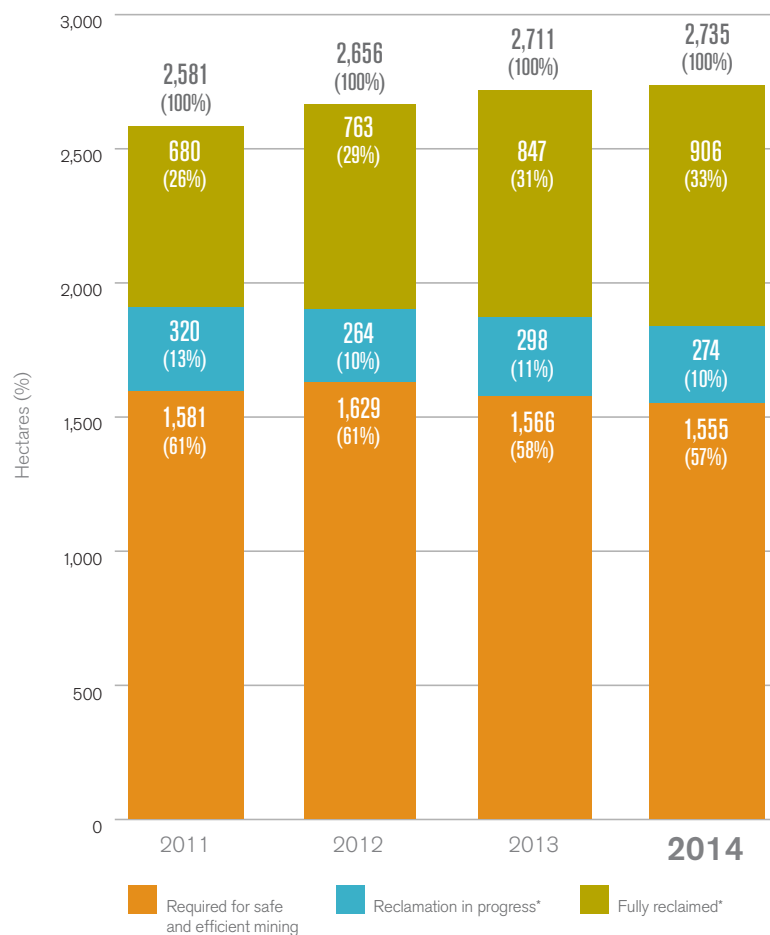


LAND RECLAMATION & USE AT GENESEE, CONTINUED

GENESEE MINE AREA & RECLAMATION SUMMARY



Our investment in reclamation led to 59 hectares reaching fully reclaimed status in 2014



* Fully reclaimed refers to land that is fully certified and land parcels that have been applied for and awaiting final certification from Alberta Environment and Parks. Reclamation in Progress means reclamation activities are started but not finished – and no application for certification has been filed yet.



LOCAL CATTLE GRAZING AT GENESEE

Reclaimed land and company-owned land, not yet used for operations, is leased to local farmers to bring their cattle to a well-managed grassland operated by professional range managers.

In 2014, 1,632 cattle belonging to local farmers grazed at the 6,000 acre community pasture at Genesee. Cattle grazing will continue to be offered to the local community in 2015.

RECLAIMED REFORESTATION – OVER 30,500 TREES PLANTED WITH LATEST RECLAMATION PROJECT

Capital Power's Genesee Mine, which has fueled the Genesee Generating Station since 1994, has a comprehensive land reclamation plan. The plan is built on a philosophy that reclamation should include a mix of agricultural and natural areas that mirror the landscape before mining began. This led Capital Power to invest in research and operational-scale tree planting projects with the ultimate goal of learning how to re-build natural forested areas. Reforestation research started in 2008.

“Large scale tree plantation in former agricultural lands is difficult due to the competition from undesirable weed species,” George Greenhough, Manager of Land Services at the Genesee Power Station explains. “Our work with the University of Alberta, along with the practical knowledge of our forestry consultant, Chickadee Reclamation, has resulted in some very positive results toward our reforestation goals.”

The latest project, a native-species riparian area established in 2014, builds on knowledge gained directly on-site from previous reforestation projects led by the University of Alberta's Dr. Simon Landhausser.

The East Wetland natural area is another new reforested area completed in 2014. Over 30,500 trees were planted onto 7.5 hectares of lowlands and uplands surrounding a 3.5 hectare lake.

The objectives for re-vegetation of this site were to:

- Create a natural area that would develop into a native forest similar to the forests surrounding the Genesee Mine
- To serve as a field trial to test eight different reforestation scenarios focused on weed suppression and mixed native-tree establishment.



The treatments that are being tested include the application of weed-suppressing ground cover (i.e. wood mulch, paper mulch, film mulch and hydro-seed mulch) and the use of large planting stock (i.e. two-year-old bareroot aspen and white spruce trees, seedlings with large root plugs, and poplar poles).

The East Wetland will provide valuable information for developing a reliable natural-area reforestation system for the Genesee Mine area. It is already serving as a showcase to the public for reclamation activities at a surface coal mining site.

Capital Power is committed to the reforestation of approximately 450 hectares of land over the life of the mine. The work being done today is establishing the foundation for future reforestation initiatives.

Above: Over 30,500 trees were planted onto lowlands and uplands surrounding a lake as part of Capital Power's Genesee Mine Reclamation project. A salvaged wood mulch plot with the lake in the background shows the aspen and white spruce trees' growth just one month after planting.

Below: A tree planter from Chickadee Reclamation plants bare-root aspen saplings as part of Capital Power's innovative reclamation initiatives.

Over 30,500 trees were
planted onto 7.5 hectares of land



LAND RECLAMATION & USE AT GENESEE, CONTINUED

THE POWER OF STAKEHOLDER ENGAGEMENT

INDUSTRY EXPERTS GATHER FOR TOUR AND WORKSHOP

In October 2014, Genesee Hall hosted the Canadian Institute of Forestry's (CIF) reclamation and remediation workshop, which gave attendees a chance to tour the Genesee Mine area. Participants experienced a mine tour that included stops to review aspen and poplar grow trials and deep tillage work and artificial wetlands before returning to the hall for presentations, information on the future of remediation work in the province, and a tradeshow.

The workshop included participants from close to a dozen industry, stewardship and academic organizations, by invitation from the CIF. Capital Power's pioneering work with its partnership organizations was emphasized as an example of responsible industrial operations.

MINI-SERIES HIGHLIGHTS RESEARCH AT GENESEE

In 2014, Capital Power signed on as a sponsor of CKUA Radio's "Innovation Anthology"—a multi-media production based on interviews with scientists and innovators.

A series of interviews will focus on land initiatives at the Genesee Mine. Each will air multiple times as 90-second commentaries and are available online.

“Our involvement with the program is a great way for us to increase public awareness and to profile the unique research initiatives underway at the Genesee Mine.”

— GEORGE GREENHOUGH, MANAGER OF LAND SERVICES.





THE POWER OF WASTE MANAGEMENT

RECYCLING FLY ASH AT GENESEE

Fly ash is produced as a byproduct from our facilities at Genesee, Roxboro and Southport. Fly ash from Genesee 1&2 can be used as an environmentally friendly component in manufacturing concrete. Using one tonne of fly ash as a substitute for one tonne of Portland Cement in concrete reduces carbon dioxide emissions (a greenhouse gas) by approximately one tonne in the manufacture of Portland Cement.

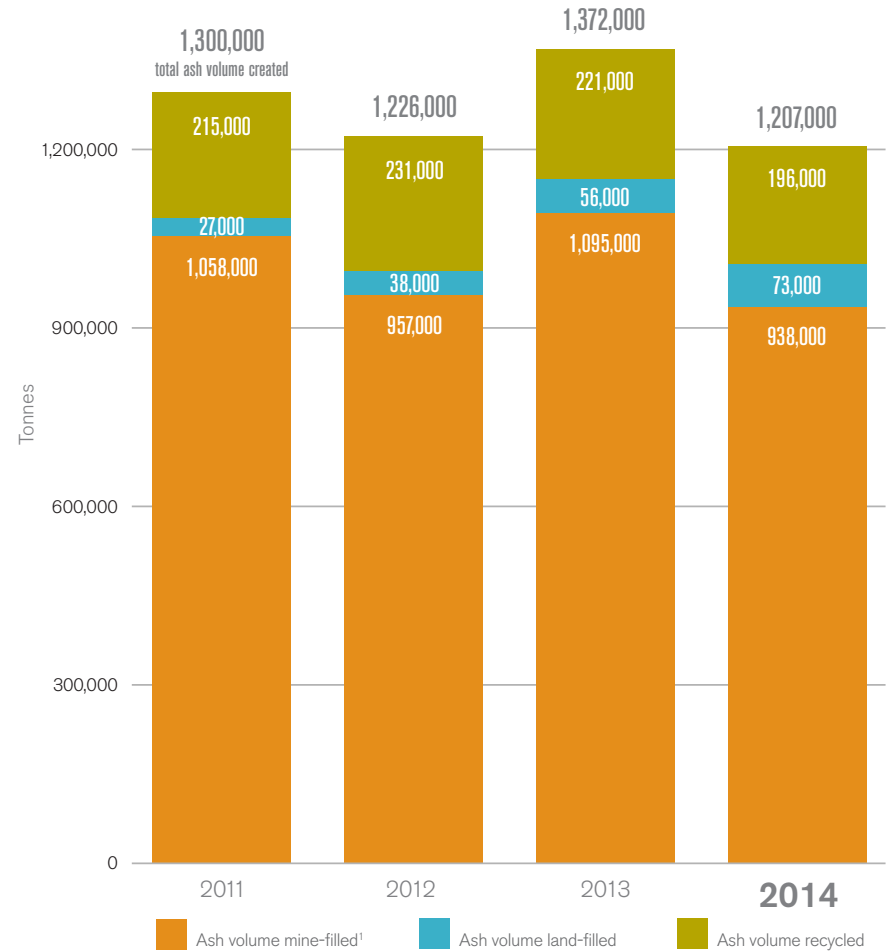
At Genesee in 2014, just under 50% of the fly ash produced from Units 1 and 2 was sold for use in concrete production across western North America. Our goal is to sell approximately 60% of the fly ash produced from Units 1 and 2 in 2015.

There was a non-material sale of Genesee 3 fly ash in 2014. The concrete setting time is not adequate when using Genesee 3 fly ash due to the lime injection scrubber technology used to remove sulfur compounds.

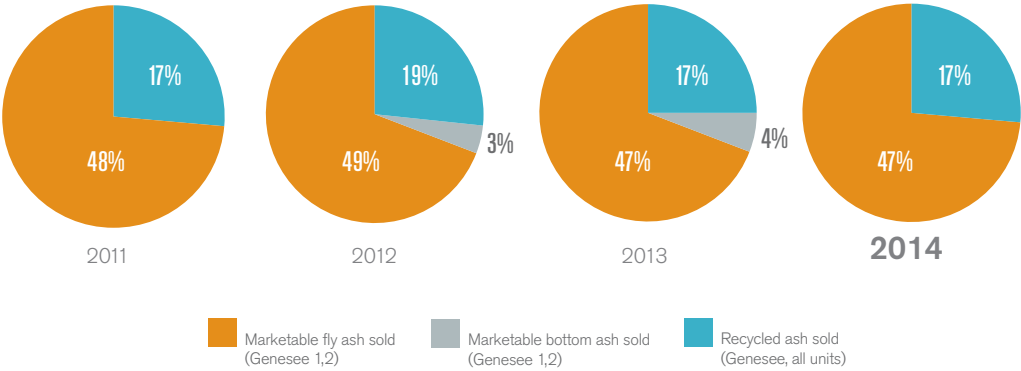
50% of the fly ash produced from Genesee Units 1&2 was sold for use in concrete production

THE POWER OF WASTE MANAGEMENT, CONTINUED

ASH RECYCLING AND DISPOSAL – ASH VOLUME



ASH RECYCLING AND DISPOSAL (%) – ASH SOLD





ABOUT THIS REPORT



COMMITTED TO TRANSPARENT AND BALANCED REPORTING

This report provides a detailed overview of Capital Power in 2014, including our successes and challenges. Keeping our commitment to producing an accurate annual record of how we have performed and where we fell short drives us to work even harder to achieve our vision of being one of North America's most respected, reliable, and competitive power generators.

We aim to report about our business in a manner that presents a holistic view of our business and shows the linkages between our business strategy and our corporate responsibility program. Building on our past reports, we aim to be clear and concise in providing accurate and balanced information about our people, facilities and performance (including emissions), and our contributions to the communities where we do business. All dollar figures are in Canadian funds.

GLOBAL REPORTING INITIATIVE

Our 2014 Corporate Responsibility Report follows guidelines defined in the Global Reporting Initiative (GRI 3.1), an international standard for corporate responsibility reporting. The GRI guidelines set out the principles and indicators organizations can use to measure and report their environmental, economic, and social performance.

A RATING

We believe we have achieved an A Level of reporting under the GRI guidelines (G3.1). We make this self-declaration based on the GRI requirements to meet the A level. There are three levels in the GRI system – C, B, and A – with eligibility based on the comprehensiveness of the report.

ABOUT THIS REPORT, CONTINUED

REPORT SCOPE

This report includes energy production and environmental performance data from power plants for which Capital Power held the operating permit in 2014, 2013, 2012, and 2011 respectively.

Data from each plant represents the entire plant – not only our financial share of the operation. This includes:

- **Genesee 3:** co-owned with TransAlta
- **Genesee 1&2:** plant capacity and output is sold under an Alberta Power Purchase Agreement to the Alberta Balancing Pool.

Data from Keephills 3, Joffre, and power purchase agreement facilities are not included because we do not hold the operating permits.

One of the challenges preparing this report is the need to synthesize data from numerous jurisdictions with unique reporting requirements, methods and standards. Where possible, information has been consolidated (e.g. GHG emission data for our facilities in Canada and the United States). In other areas, information is presented separately or from a single jurisdiction.

Carbon dioxide emissions from our landfill gas and biomass facilities are not included in aggregate GHG emission totals or emission intensity calculations. This approach aligns with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

REPORTING INTERVALS

We report annually on our corporate responsibility and sustainability.


REPORTING PERIODS

This report provides data for the most recent four full years of operation – 2011, 2012, 2013 and 2014. Data for each year is for the 12-month period starting January 1 and ending December 31, respectively (unless otherwise noted).

PROCESS FOR DEFINING CONTENT

This report builds on an extensive process for defining content, including stakeholder consultation, which resulted in guidelines for determining priority topic areas and materiality. We also incorporated feedback received following the release of our previous reports.

OTHER REPORTING

Other public disclosures, in particular the 2014 Annual Report, 2014 Annual Information Form, and 2015 Management Proxy Circular, include detailed content that responds to certain GRI indicators. The content is incorporated by cross-reference throughout the report. The documents are also available at www.sedar.com and www.capitalpower.com. 

Our Canadian power plants operating above a certain emission-level threshold publicly file annual reports with Canada's National Pollutant Release Inventory.

In 2014, residents living near the Genesee Generating Station received three issues of the Genesee Station Connection newsletter, which provides information about the facility's emission performance and other issues related to plant and mine operations.

We also distributed a newsletter for residents living near the K2 Wind Power Project (Ontario).

ABOUT THIS REPORT, CONTINUED

FORWARD-LOOKING INFORMATION

Forward-looking information or statements included in this Corporate Responsibility Report (print and online) are provided to inform readers about management's assessment of Capital Power's future plans and operations. This information may not be appropriate for other purposes. The forward-looking information this Corporate Responsibility Report includes is generally identified by words such as "will," "anticipate," "believe," "plan," "intend," "target," and "expect" or similar words that suggest future outcomes.

Forward-looking information in this Corporate Responsibility Report includes, among other things, information relating to:

- Expectations regarding the timing of funding of, generation capacity of, costs for, technology selected for or commercial arrangements regarding existing, planned and potential development projects (including the Genesee Mine) and acquisitions
- Expectations regarding plant availability
- Expectations related to future revenues, expenses, earnings, funds from operations and cash flow per share
- Expectations regarding capital expenditures for plan maintenance and other
- The expected impact of GHG and other environmental regulations on Capital Power's plants, including compliance targets and compliance costs and the future closure of coal-fired generation plants
- Expectations regarding proposed new environmental regulations, including the timing of such regulations coming into force, and the impact of current and new environmental regulations on Capital Power's business, including, but not limited to, Capital Power's compliance costs.



- Expectations regarding GHG emissions and other emissions, from Capital Power's plants
- Expectations regarding emission offsets
- Expectations regarding the granting and timing of licenses, permits and approvals
- Expectations regarding health, safety and environmental targets and performances

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements relate to:

- Electricity and other energy prices
- Performance
- Business prospects and opportunities including expected growth and capital projects
- Status of, and impact of policy, legislation, and regulations
- Effective tax rates.

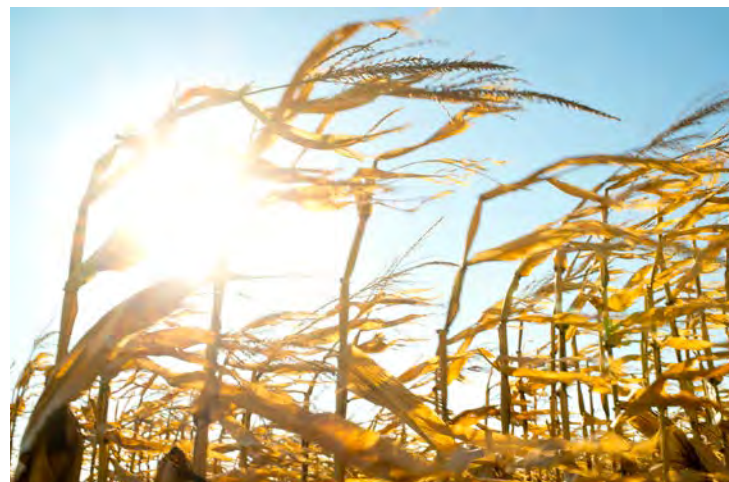
ABOUT THIS REPORT, CONTINUED

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks and uncertainties, which could cause actual results and experience to differ materially from the Company's expectations. Such material risks and uncertainties are:

- Power plant availability and performance including maintenance expenditures
- Changes in electricity prices in markets in which the Company operates
- Regulatory and political environments including changes to environmental, financial reporting and tax legislation
- Acquisitions and developments including timing and costs of regulatory approvals and construction
- Ability to fund current and future capital and working capital needs
- Changes in energy commodity market prices and use of derivatives
- Changes in market prices and availability of fuel
- Changes in general economic and competitive conditions.

➤ See [2014 Annual Report](#).

forward-looking statements. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.



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- EC1** Economic value generated and distributed, including donations – 58, 59
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- EC3** Coverage of defined benefit plan obligations – 24
- EC4** Financial assistance received from government – 58
- EC5** Range of ratios of entry-level wage compared to local minimum wage – 24
- EC6** Policy, practices & proportion of spending on locally-based suppliers – 60, 52
- EC7** Procedures for local hiring and proportion of senior management hired from local communities – 51, 58
- EC8** Impact of infrastructure investments and services for public benefit – 43, 44, 45, 46
- EU8** R&D expenditures aimed at providing reliable electricity and promoting sustainable development – 9, 10, 76
- EC9** Indirect economic impacts – 43, 44, 45, 46, 58, 59
- EU30** Average plant availability factor by energy source and by regulatory regime – 56, 57, 61

Exclusions

GRI Indicators not reported

There are a number of GRI Indicators for which Capital Power does not report data. This section lists each indicator that is excluded from the report, and the reason for the exclusion.

INDICATOR # / INDICATOR TITLE AND REASON FOR NOT REPORTING

- 3.10** **Effect of any restatements of information in previous report.**
No restatements occurred.
- 3.13** **Assurance – Financial and emissions data are externally audited annually.**
No additional assurance was completed on this year's report.
- EU3** **Number of customer accounts.**
Capital Power has no retail power business, and therefore no retail customer accounts.
- EN4** **Indirect energy consumption.**
Capital Power does not track this information, and emissions from indirect energy consumption are not material compared to direct emissions from operations.
- EU4** **Length of transmission lines.**
Capital Power does not operate transmission and distribution lines.
- EU6** **Management approach to ensure short and long-term electricity availability and reliability.**
Capital Power is an independent producer and operates in markets where it does not have overall market responsibility for managing short- or long-term electricity availability or reliability.
- EU7** **Demand side management programs.**
Capital Power has no retail power business, and therefore no customer-facing demand management programs.
- EN7** **Initiatives to reduce indirect energy consumption.**
Capital Power does not currently collect this data.
- EU9** **Provisions for decommissioning nuclear power sites.** Not applicable.
Capital Power does not operate or own any nuclear power generation.
- EU10** **Planned capacity against projected electricity demand over long-term.**
Capital Power is an independent producer and operates in markets where it does not have overall market responsibility for managing short or long-term electricity availability or reliability.

GLOBAL REPORTING INITIATIVE, CONTINUED

EU12	Transmission and distribution losses. Capital Power does not operate transmission and distribution lines.	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement. As a power producer, Capital Power does not have products and services.
EN17	Other greenhouse gas emissions by weight. Not material.		
EU23	Programs to improve or maintain access to electricity and customer support. Capital Power has no retail power business and , therefore, no retail customer accounts.	SO9	Operations with significant potential or actual negative impacts on local communities. Capital Power continually monitors its environmental impact and works closely with the community. No reports to date have attributed negative impacts specific to Capital Power operations.
EU24	Practices to address barriers to accessing and safely using electricity and customer support services. Capital Power has no retail business and, therefore no retail customer accounts.	SO10	Prevention and mitigation measures for negative impacts on local communities. Capital Power continually monitors its environmental impact and works closely with the community. No reports to date have attributed negative impacts specific to Capital Power operations.
EU26, 27	Population unserved in licensed distribution or service areas. Not applicable. Capital Power does not provide transmission and distribution services and has no retail business.		
EU27	Number of residential disconnections. Not applicable. Capital Power has no retail power business and , therefore, no retail customer accounts.		
EU 28, 29	Power outage frequency and duration. Not applicable. Capital Power does not provide transmission and distribution services.		
EN27	Percentage of products sold and package materials reclaimed. Not applicable.		
EN29	Significant environmental impact of transporting products. Not applicable. Capital Power does not transport products.		
EN30	Total environmental protection expenditures. Capital Power reports on specific projects.. However, no total dollar value is reported for research and development activities as this data is not aggregated within the company.		
LA10	Average hours of training per year per employee. Capital Power does not currently collect this data.		
LA12	Percentage of employees receiving regular performance and career development reviews. Managers are responsible for providing regular (at least annual) performance reviews for their employees, however Capital Power's systems do not currently collect aggregated data on the completion of reviews.		
LA15	Return to work and retention rates after parental leave by gender. Capital Power does not currently collect this data.		

AFFILIATIONS

Capital Power and its employees are members of the following organizations:

Agroforestry and Woodlot Extension Society

Air and Waste Management Association

Alberta Chamber of Resources

Alberta Construction Safety Association

Association of General Counsel of Alberta

Association of Power Producers of Ontario

Association of Professional Engineers and Geoscientists of Alberta (APEGA)

Association of Science and Engineering Technology Professionals of Alberta (ASET)

Boston College Center for Corporate Community Relations

Business Council of British Columbia

Canadian Chamber of Commerce

Canadian Clean Power Coalition

Canadian Electricity Association

Canadian Industrial Relations Association

Canadian Wind Energy Association

Catalyst Canada Inc.

Centre for Energy Advancement through Technological Innovation

Certified General Accountants Association of Alberta (CGA)

Certified Management Accountants of Alberta (CMA)

Chartered Accountants of Alberta (CA)

Chartered Financial Analyst (CFA)

CIO Association of Canada

Clean Air Strategic Alliance

Clean Energy Association of British Columbia

Clean Energy Group

Conference Board of Canada

Construction Owners Association of Alberta

Corporate Executive Board

Decentralised Energy Canada

Edison Electric Institute

Edmonton Chamber of Commerce

Edmonton Oracle Application User Society

Electric Power Research Institute Inc

Energy Policy Institute of Canada

Globe Foundation

Independent Power Producers Society of Alberta

International Association of Business Communicators (IABC)

International Emissions Trading Association

Law Society of Alberta

Leduc Regional Chamber of Commerce

Ontario Energy Association

Pacific Northwest Economic Region Foundation

Public Affairs Council

Safety Codes Council

Strathcona District Mutual Assistance Program

Strathcona Industrial Association

Tax Executives Institute

The New England Council

West Central Airshed Society

Western Electricity Coordinating Council

Western Power Trading Forum



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