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For release: July 27, 2015

Capital Power reports second quarter 2015 results and announces a 7.4% dividend increase for its common shares

EDMONTON, Alberta – Capital Power Corporation (Capital Power, or the Company) (TSX: CPX) today released financial results for the second quarter ended June 30, 2015. The Company also announced that its Board of Directors approved a 7.4% dividend increase for its common shares. Accordingly, effective for the third quarter 2015 dividend payment, the quarterly dividend will increase from $0.34 to $0.365 per common share, representing an annualized dividend rate of $1.46 per common share.

Net (loss) income attributable to shareholders in the second quarter of 2015 was $(34) million and basic earnings (loss) per share attributable to common shareholders was $(0.39) per share compared with $20 million and $0.17 per share in the comparable period of 2014. Net cash flows from operating activities were $14 million in the second quarter of 2015 compared with $98 million in the second quarter of 2014.

Normalized earnings attributable to common shareholders in the second quarter of 2015, after adjusting for one-time items and fair value adjustments, were $10 million or $0.10 per share compared with $6 million or $0.07 per share in the second quarter of 2014. Funds from operations were $70 million in the second quarter of 2015, down 18% from $85 million in the second quarter of 2014.

For the six months ended June 30, 2015, net income attributable to shareholders was $6 million and basic earnings (loss) per share attributable to common shareholders was $(0.06) per share compared with $52 million and $0.50 per share for the six months ended June 30, 2014. Net cash flows from operating activities were $121 million for the six months ended June 30, 2015 compared with $182 million for the six months ended June 30, 2014.

For the six months ended June 30, 2015, normalized earnings attributable to common shareholders were $37 million, or $0.40 per share, compared with $32 million, or $0.39 per share, in the first six months of 2014. Funds from operations totaled $178 million compared with $177 million in the comparable six-month period last year.

“Financial results in the second quarter were slightly below our expectations primarily due to a 28-day unplanned outage at the Shepard Energy Centre (Shepard) relating to a heat recovery steam generator outage,” said Brian Vaasjo, President and CEO of Capital Power. “Repair work on this defect has been completed and the Shepard facility returned to operations in late June.”

“The Shepard outage occurred primarily in June coinciding with other non-Capital Power operated plant outages and warmer weather with Alberta spot power prices averaging $97 per megawatt-hour in June compared with $21 per megawatt-hour in April and $54 per megawatt-hour in May. As a result, with commercial production 100% sold forward in June, we were required to cover a short market position. The higher spot power prices in June caused a temporary increase in forward rates that benefited our portfolio optimization position for the balance of the year. Based on the year-to-date results and expectations for the balance of the year, our outlook has modestly improved but remains at the low end of our $365 to $415 million funds from operations target range,” said Mr. Vaasjo.

“We have recently added 490 megawatts of owned capacity from the Shepard facility and K2 Wind that have strengthened our contracted cash flow base,” continued Mr. Vaasjo. “Based on this growing contracted cash flow base, Capital Power is well-positioned to consistently grow its dividends and accordingly, I am pleased to announce that the Board of Directors has approved a 7.4% dividend or $0.10 per share increase effective with the third quarter 2015 dividend.”

Operational and Financial Highlights [1] (unaudited)	**Three months ended June 30**		**Six months ended June 30**	
(millions of dollars except per share and operational amounts)	**2015**	**2014**	**2015**	**2014**
Electricity generation (excluding Sundance power purchase arrangement (PPA)) (GWh)	3,553	2,711	6,951	5,952
Generation plant availability (excluding Sundance PPA) (%)	90%	92%	94%	94%
Revenues	$ 83	$ 240	$ 441	$ 548
Adjusted EBITDA [2]	$ 45	$ 78	$ 192	$ 191
Net (loss) income	$ (48)	$ 21	$ 2	$ 59
Net (loss) income attributable to shareholders of the Company	$ (34)	$ 20	$ 6	$ 52
Basic and diluted earnings (loss) per share	$ (0.39)	$ 0.17	$ (0.06)	$ 0.50
Normalized earnings attributable to common shareholders [2]	$ 10	$ 6	$ 37	$ 32
Normalized earnings per share [2]	$ 0.10	$ 0.07	$ 0.40	$ 0.39
Net cash flows from operating activities	$ 14	$ 98	$ 121	$ 182
Funds from operations [2]	$ 70	$ 85	$ 178	$ 177
Purchase of property, plant and equipment and other assets	$ 35	$ 63	$ 87	$ 138
Dividends per common share, declared	$ 0.3400	$ 0.3150	$ 0.6800	$ 0.6300

[1] The operational and financial highlights in this press release should be read in conjunction with Management's Discussion and Analysis and the unaudited condensed interim consolidated financial statements for the six months ended June 30, 2015.

[2] Earnings before finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange losses, and gains on disposals (adjusted EBITDA), normalized earnings attributable to common shareholders, normalized earnings per share and funds from operations are non-GAAP financial measures and do not have standardized meanings under GAAP and are, therefore, unlikely to be comparable to similar measures used by other enterprises. See Non-GAAP Financial Measures.

Significant Events During the Second Quarter 2015

Dividend increase

On July 27, 2015, the Company announced that its Board of Directors approved a 7.4% increase in the annual dividend for holders of its common shares, from $1.36 per common share to $1.46 per common share. This increased common dividend will commence with the third quarter 2015 quarterly dividend payment payable on October 30, 2015 to shareholders of record at the close of business on September 30, 2015.

Changes to Alberta's emissions regulations and review of climate change policy

On June 25, 2015, the Alberta government announced changes to Alberta's regulations governing carbon emissions and a comprehensive review of Alberta's climate change policy. The changes to the Specified Gas Emitters Regulation (SGER) will increase the required reduction in emissions intensity from 12% to 15% in 2016 and 20% in 2017, and increase the cost of contributions to the Climate Change and Emissions Management Fund from $15 per tonne of greenhouse gases to $20 per tonne in 2016 and $30 per tonne in 2017.

Capital Power expects that, between 2016 and 2020, the increase in the Company's emissions compliance costs will be partly mitigated by higher wholesale power prices directly caused by the new regulations while its inventory of low-cost carbon offset credits are expected to offset the balance of its increased compliance costs through 2020. The projected impact post 2020 is a $10 million to $15 million reduction in adjusted EBITDA once its existing carbon offset credits inventory is fully utilized and assuming no actions by Capital Power to further reduce carbon dioxide emissions. Capital Power will actively participate in the consultation process that is expected to lead to a climate change strategy being announced later in 2015.

K2 Wind begins commercial operation

On May 29, 2015, Capital Power, Samsung Renewable Energy Inc. and Pattern Energy Group LP announced that K2 Wind is fully operational and capable of generating 270 MW of electricity for the province of Ontario and operates under a 20-year power purchase agreement with the Independent Electricity System Operator. Capital Power owns 90 MW or 33.3% of the capacity of this facility. Capital Power's share of final construction costs are expected to be $310 million.

Analyst Conference Call and Webcast

Capital Power will be hosting a conference call and live webcast with analysts on July 27, 2015 at 11:00 AM (ET) to discuss its second quarter results. The conference call dial-in numbers are:

(604) 681-8564 (Vancouver)
(403) 532-5601 (Calgary)
(416) 623-0333 (Toronto)
(514) 687-4017 (Montreal)
(855) 353-9183 (toll-free from Canada and USA)

Participant access code for the call: 21543#

A replay of the conference call will be available following the call at: (855) 201-2300 (toll-free) and entering conference reference number 1181930# followed by participant code 21543#. The replay will be available until October 25, 2015.

Interested parties may also access the live webcast at www.capitalpower.com with an archive of the webcast available following the conclusion of the analyst conference call.

Non-GAAP Financial Measures

The Company uses (i) adjusted EBITDA, (ii) funds from operations, (iii) normalized earnings attributable to common shareholders, and (iv) normalized earnings per share as financial performance measures. These terms are not defined financial measures according to GAAP and do not have standardized meanings prescribed by GAAP, and, therefore, are unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, net income attributable of shareholders of the Company, net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, these measures are provided to complement GAAP measures in the analysis of the Company's results of operations from management's perspective. Reconciliations of adjusted EBITDA to net income, funds from operations to net cash flows from operating activities and normalized earnings attributable to common shareholders to net income attributable to shareholders of the Company are contained in the Company's Management's Discussion and Analysis, prepared as of July 24, 2015, for the three months ended June 30, 2015 which is available under the Company's profile on SEDAR at www.SEDAR.com.

Forward-looking Information

Forward-looking information or statements included in this press release are provided to inform the Company's shareholders and potential investors 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 in this press release is generally identified by words such as will, anticipate, believe, plan, intend, target, and expect or similar words that suggest future outcomes.

Material forward-looking information in this press release includes expectations regarding: (i) funds from operations, (ii) consistent growth of dividends, and (iii) the impact of environmental regulations including emissions compliance costs.

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, expected future developments and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements relate to: (i) electricity and other energy prices, (ii) performance, (iii) business prospects and opportunities including expected growth and capital projects, (iv) status and impact of policy, legislation and regulation, and (v) effective tax rates.

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: (i) changes in electricity prices in markets in which the Company operates, (ii) changes in energy commodity market prices and use of derivatives, (iii) regulatory and political environments including changes to environmental, financial reporting and tax legislation, (iv) power plant availability and performance including maintenance of equipment, (v) ability to fund current and future capital and working capital needs, (vi) acquisitions and developments including timing and costs of regulatory approvals and construction, (vii) changes in market prices and availability of fuel, and (viii) changes in general economic and competitive conditions. See Risks and Risk Management in the Company's Management's Discussion and Analysis, prepared as of February 20, 2015, for further discussion of these and other risks.

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CAPITAL POWER CORPORATION

Management's Discussion and Analysis

This management's discussion and analysis (MD&A), prepared as of July 24, 2015, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Capital Power Corporation and its subsidiaries for the six months ended June 30, 2015, the audited consolidated financial statements and MD&A of Capital Power Corporation for the year ended December 31, 2014, the annual information form of Capital Power Corporation dated March 4, 2015 and the cautionary statements regarding forward-looking information which begin on page 6. In this MD&A, any reference to the Company or Capital Power, except where otherwise noted or the context otherwise indicates, means Capital Power Corporation together with its subsidiaries.

In this MD&A, financial information for the six months ended June 30, 2015 and the six months ended June 30, 2014 is based on the unaudited condensed interim consolidated financial statements of the Company for such periods which were prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars unless otherwise specified. In accordance with its terms of reference, the Audit Committee of the Company's Board of Directors reviews the contents of the MD&A and recommends its approval by the Board of Directors. The Board of Directors approved this MD&A as of July 24, 2015.

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FORWARD-LOOKING INFORMATION

Forward-looking information or statements included in this MD&A are provided to inform the Company's shareholders and potential investors 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 in this MD&A is generally identified by words such as will, anticipate, believe, plan, intend, target, and expect or similar words that suggest future outcomes.

Material forward-looking information in this MD&A includes expectations regarding:

- future revenues, expenses, earnings and funds from operations,
- the future pricing of electricity and market fundamentals in existing and target markets,
- the Company's future cash requirements including interest and principal repayments, capital expenditures, dividends and distributions,
- the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings,
- future growth and emerging opportunities in the Company's target markets including the focus on certain technologies,
- the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions
- plant availability and planned outages,
- capital expenditures for plant maintenance and other, and,
- future income taxes payable.

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, 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, and
- other matters discussed under the Performance Overview and Outlook and Targets for 2015 sections.

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:

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

See Risks and Risk Management in the Company's December 31, 2014 annual MD&A for further discussion of these and other risks.

Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date made. 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.

OVERVIEW OF BUSINESS AND CORPORATE STRUCTURE

Capital Power is a growth-oriented North American power producer headquartered in Edmonton, Alberta. The Company develops, acquires, operates and optimizes power generation from a variety of energy sources. Capital Power owns more than 3,200 megawatts (MW) of power generation capacity at 17 facilities across North America and owns 371 MW of capacity through its interest in the acquired Sundance power purchase arrangement (Sundance PPA). An additional 545 MW of owned generation capacity is under construction or in advanced development in Alberta and North Carolina.

The Company's power generation operations and assets are owned by Capital Power L.P. (CPLP), a subsidiary of the Company. As at June 30, 2015, the Company held 21.750 million general partnership units and 80.953 million common limited partnership units of CPLP which represented 100% of CPLP's total partnership units. Effective April 2, 2015, EPCOR exchanged 18.841 million exchangeable common limited partnership units of CPLP for common shares of Capital Power Corporation (see Significant Events).

CORPORATE STRATEGY

The Company's corporate strategy remains unchanged from that disclosed in its 2014 annual MD&A. During the six months ended June 30, 2015, commercial operation of Shepard Energy Centre and K2 Wind commenced and the Company continued its development plans for Genesee 4 and 5 while it commenced construction of the Beaufort Solar project located in North Carolina

PERFORMANCE OVERVIEW

The Company measures its performance in relation to its corporate strategy through financial and non-financial targets that are approved by the Board of Directors. The measurement categories include corporate measures and measures specific to certain groups within the Company. The corporate measures are company-wide and include funds from operations and safety. The group-specific measures include plant operating margin and other operations measures, committed capital, construction and maintenance capital on budget and on schedule, and plant site safety.

Operational excellence

Performance measure	2015 target	Actual results for the six months ended June 30, 2015
Plant availability average [1]	94% or greater	94%
Capital expenditures for plant maintenance, Genesee mine extension and other (sustaining capital expenditures)	$65 million	$35 million
Plant operating and maintenance expenses	$180 million to $200 million	$92 million

[1] All plants excluding Sundance PPA.

The Company's plant availability averaged 94% which reflected the second quarter planned outages for Genesee 1 and Joffre and an unplanned outage for Shepard Energy Centre.

Capital expenditures for maintenance of the plants, Genesee mine extension and other for the six months ended June 30, 2015 were lower than target for the year-to-date primarily due to the delayed timing of certain plant maintenance and information services projects.

The plant operating and maintenance expenses target includes other raw materials and operating charges, staff costs and employee benefits expense and other administrative expenses for the Company's plants. The actual results for the six months ended June 30, 2015 were consistent with the full year target range.

Disciplined growth

Performance measure	2015 target	Status as at June 30, 2015
K2 Wind	Complete construction with commercial operation date in mid-2015	Commercial operation commenced May 2015
Genesee 4 and 5	Transition from development to construction	On track with target

See Outlook for discussion of updated timing of completion of the Genesee 4 and 5 project.

Financial stability and strength

Performance measure	2015 target	Actual results for the six months ended June 30, 2015
Funds from operations [1]	$365 million to $415 million	$178 million

[1] Funds from operations is a non-GAAP measure. See Non-GAAP Financial Measures.

Actual funds from operations for the six months ended June 30, 2015 were in line with expected funds from operations for the full year to be in the low end of the target range.

OUTLOOK

The following discussion should be read in conjunction with the Forward-looking Information section of this MD&A which identifies the material factors and assumptions used to develop forward-looking information and their material associated risk factors.

At its 2014 Investor Day held in December 2014, the Company provided financial guidance for 2015 funds from operations in the range of $365 million to $415 million. This was based on a forecasted 2015 Alberta spot power price average of $44 per MWh which was lower than market forward pricing at the time. Since then, Alberta power forward pricing for 2015 has declined. This is due to a combination of events including lower forward natural gas prices for 2015, expected lower economic growth in Alberta and its expected impact on Alberta power demand growth, and market reaction to the low average prices during the first four months of the year, which averaged $27 per MWh. Spot prices and forward prices rebounded somewhat in May and June 2015 and the Company was able to lock in a number of forward contracts at the higher prices. The Company is still forecasting lower prices than the Company's spot price forecast coming into the year. Lower expected growth in the Alberta economy is largely the result of the significant decline in global oil prices.

While the Company anticipated lower power prices in 2015 and accordingly hedged almost all of its baseload power position, the lower price environment is expected to have multiple impacts. It is expected to reduce availability incentive revenue from the Alberta contracted facilities, reduce dispatch and earnings from the Alberta commercial gas peaking facilities, and reduce earnings from the Halkirk wind facility. In addition, lower power prices are consistent with lower volatility in the Alberta market which reduces the opportunity to capture earnings from power trading activities.

Shepard Energy Centre commenced commercial operation in March 2015 and K2 Wind commenced commercial operation in May 2015. Power generation from these facilities is expected to have a positive impact on earnings and funds from operations. However, the impact of Shepard Energy Centre will be partly offset by the lower forecast average Alberta power prices which are expected to result in lower realized prices on the economically unhedged portion of the portfolio. Furthermore, the second quarter results were off plan and included an unplanned outage at Shepard Energy Centre. As a result, the Company expects 2015 funds from operations to be in the lower end of its 2015 target range and moderately higher than 2014 funds from operations.

If 2015 Alberta power prices continue trending downward, this impact may be greater than expected and may be amplified by the supply and demand dynamics in the Alberta electricity market should demand decrease as a result of general economic conditions.

In 2015, Capital Power's availability target of 94% reflects major scheduled maintenance outages for Genesee 1 (completed in the second quarter) and Keephills 3 compared with the 2014 major scheduled maintenance outages for Genesee 2, Genesee 3 and Joffre.

Portfolio position and contracted prices for 2016 and 2017, as at June 30, 2015, were:

Alberta commercial portfolio positions and power prices	Full year 2016	Full year 2017
Percentage of baseload generation sold forward [1]	86%	25%
Contracted price [2]	High-$40 per MWh	High-$50 per MWh

1 Based on the Alberta baseload plants and the Sundance PPA plus a portion of Joffre and the uncontracted portion of Shepard Energy Centre baseload.

2 The forecast average contracted prices may differ significantly from the future average realized prices as the hedged and unhedged positions have a varying mix of differently priced blocks of power.

The Company's estimated full year growth capital expenditures are expected to increase from the estimate disclosed in late 2014 by approximately $70 million due primarily to the addition of the Beaufort Solar project and additional costs incurred for Shepard Energy Centre. These additional costs include a contractual bonus paid to the turbine manufacturer that was earned based on final facility performance measurements related to electrical output and heat rate. This bonus was payable in U.S. dollars and thus included significant foreign exchange due to the movement of exchange rates during the construction period. These final facility performance measurements are expected to improve the overall economics of the project and more than offset the additional capital costs incurred because of the bonus. The additional capital costs were partly offset by a contribution from ENMAX Corporation (ENMAX) of $5 million recognized as deferred revenues which will be recognized in revenues over the term of the Energy Supply Agreement between Capital Power and ENMAX. Shepard Energy Centre's final expected capital expenditures also increased as a result of higher capitalized interest due to the delay in the commercial operation date from February 2015 to March 2015. The capital costs accrued for Shepard Energy Centre to June 30, 2015 are subject to normal course discussion and negotiation which could result in lower final capital costs.

Based on the actual expenditures for the six months ended June 30, 2015 and the current forecast for the last six months of 2015, sustaining capital expenditures are expected to be consistent with the target of $65 million.

The 2015 targets and forecasts are based on numerous assumptions including power and natural gas price forecasts. However, they do not include the effects of potential future acquisitions or development activities, or potential market and operational impacts relating to unplanned plant outages including outages at facilities of other market participants, and the related impacts on market power prices. See Liquidity and Capital Resources for discussion of future cash requirements and expected sources of funding.

The expected timing of the Genesee 4 and 5 project has been updated with targeted completion of the first unit of the project now expected in 2019. The targeted completion date reflects the changing market conditions, including the downturn in oil prices and slower expected economic growth in Alberta. Completion of the first unit in 2019 will coincide with the need for additional generation to meet growing demand and to replace generation from the retirement of some existing coal generating units in Alberta.

Due to the Alberta government's changes to emissions regulations announced in June 2015 (see Significant Events), Capital Power expects that, between 2016 and 2020, the increase in the Company's emissions compliance costs will be partly mitigated by higher wholesale electricity prices directly caused by the new regulations while its inventory of low-cost carbon offset credits are expected to offset the balance of its compliance costs through 2020. The projected impact after 2020 is a $10 million to $15 million reduction in adjusted EBITDA (see Non-GAAP Financial Measures) once its existing carbon offset credits inventory is fully utilized and assuming no actions to further reduce carbon dioxide emissions at existing thermal generating facilities.

The Alberta government introduced changes that increased the provincial corporate income tax rate from 10% to 12% effective July 1, 2015. The increased rate increases the Company's non-cash income tax expense from the second quarter of 2015 onwards but it is not expected to have a cash income tax impact until 2018.

Governance updates

Following the previously announced appointments of Ms. Jill Gardiner and Ms. Kelly Huntington to the Capital Power Board of Directors, the Board of Directors made the following changes to the membership of its standing committees: Ms. Gardiner and Ms. Huntington joined the Audit Committee; Ms. Gardiner and Mr. Philip Lachambre joined the Corporate Governance, Compensation and Nominating Committee; Ms. Huntington and Mr. Patrick Daniel joined the Health, Safety and Environment Committee, and Mr. Lachambre stepped down from that committee.

Effective April 24, 2015, the position of Chair of the non-EPCOR elect directors was eliminated as a consequence of EPCOR's secondary offering and conversion of all remaining exchangeable common limited partnership units of CPLP on April 2, 2015. Mr. Donald Lowry and Mr. Allister McPherson will continue to recuse themselves from all business involving a conflict of interest with EPCOR. As Mr. Lowry is no longer a nominee of EPCOR, his cooling-off period will expire on April 2, 2016, as previously disclosed in Capital Power's management proxy circular dated April 24, 2015.

NON-GAAP FINANCIAL MEASURES

The Company uses (i) earnings before finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, and gains on disposals (adjusted EBITDA), (ii) funds from operations, (iii) normalized earnings attributable to common shareholders, and (iv) normalized earnings per share as financial performance measures.

These terms are not defined financial measures according to GAAP and do not have standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, net income attributable to shareholders of the Company, net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, these measures are provided to complement GAAP measures in the analysis of the Company's results of operations from management's perspective.

Adjusted EBITDA

Capital Power uses adjusted EBITDA to measure the operating performance of plants and categories of plants from period to period. Management believes that a measure of plant operating performance is more meaningful if results not related to plant operations such as impairments, foreign exchange gains or losses and gains on disposals are excluded from the adjusted EBITDA measure.

A reconciliation of adjusted EBITDA to net income is as follows:

(unaudited, $ millions)	**Three months ended**							
	Jun 30 2015	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**	**Mar 31 2014**	**Dec 31 2013**	**Sep 30 2013**
Revenues	83	358	432	248	240	308	327	380
Energy purchases and fuel, other raw materials and operating charges, staff costs and employee benefits expense, and other administrative expense	(38)	(211)	(291)	(157)	(162)	(195)	(208)	(229)
Adjusted EBITDA	**45**	**147**	**141**	**91**	**78**	**113**	**119**	**151**
Depreciation and amortization	(55)	(51)	(49)	(47)	(47)	(46)	(52)	(54)
Impairments	-	-	-	-	-	-	-	(6)
Foreign exchange gain (loss)	1	(8)	(4)	(5)	3	(4)	(5)	(1)
Gains on disposals of subsidiaries	-	-	-	-	-	-	76	-
Finance expense	(23)	(18)	(16)	(15)	(11)	(13)	(18)	(18)
Income tax expense	(16)	(20)	(24)	(81)	(2)	(12)	(22)	(13)
Net (loss) income	**(48)**	**50**	**48**	**(57)**	**21**	**38**	**98**	**59**
Net (loss) income attributable to:								
Non-controlling interests	(14)	10	9	(12)	1	6	21	15
Shareholders of the Company	(34)	40	39	(45)	20	32	77	44
Net (loss) income	**(48)**	**50**	**48**	**(57)**	**21**	**38**	**98**	**59**

Funds from operations

Capital Power uses funds from operations as a measure of the Company's ability to generate cash from its current operating activities to fund capital expenditures, debt repayments, dividends to the Company's shareholders and distributions to non-controlling interests. Funds from operations are net cash flows from operating activities, adjusted to include finance and current income tax expenses and exclude changes in operating working capital. The Company includes interest and current income tax expenses excluding Part VI.1 tax recorded during the period rather than interest and income taxes paid. The timing of cash receipts and payments of interest and income taxes and the resulting cash basis amounts are not comparable from period to period. The timing of cash receipts and payments also affects the period-to-period comparability of changes in operating working capital which are also excluded from funds from operations.

Commencing with the Company's June 30, 2014 quarter-end, the reported funds from operations measure was changed consistent with the reclassification of Part VI.1 tax from operating activities to financing activities in the Company's statement of cash flows. All comparative funds from operations amounts for quarters prior to those ended on June 30, 2014 were revised.

Commencing with the Company's December 31, 2014 quarter-end, the reported funds from operations measure was changed to remove the impact of fair value changes in certain unsettled derivative financial instruments that are charged or credited to the Company's bank margin account held with a specific exchange counterparty. As part of its collateral requirements, the exchange counterparty updates its bank margin accounts daily, by recording fair value changes on unsettled derivative financial instruments outstanding with its customers, including the Company. Consistent with the exchange counterparty, such changes are recorded as cash transactions on the Company's consolidated statements of financial position and net cash flows from operating activities. However, the underlying derivative transactions have not settled. Accordingly, the Company removes the effect of such fair value changes in its determination of funds from operations. The impact of the fair value changes in derivatives reflected as cash settlement was immaterial for quarters prior to the fourth quarter of 2014.

A reconciliation of net cash flows from operating activities to funds from operations is as follows:

(unaudited, $ millions)	**Three months ended June 30**		**Six months ended June 30**	
	2015	**2014**	**2015**	**2014**
Net cash flows from operating activities per Consolidated Statements of Cash Flows	**14**	**98**	**121**	**182**
Add (deduct) items included in calculation of net cash flows from operating activities per Consolidated Statements of Cash Flows:				
Interest paid	26	17	34	24
Change in fair value of derivatives reflected as cash settlement	22	-	22	-
Realized gains on the settlement of interest rate derivatives	(1)	(2)	(1)	(2)
Miscellaneous financing charges paid and included in other items of non-cash adjustments to reconcile net income to net cash flows from operating activities	2	-	3	2
Income taxes paid	1	1	1	1
Change in non-cash operating working capital	28	(19)	34	(6)
	78	(3)	93	19
Finance expense excluding unrealized changes on interest rate derivative contracts and amortization and accretion charges	(22)	(9)	(36)	(23)
Current income tax expense excluding Part VI.1 tax	-	(1)	-	(1)
Funds from operations	**70**	**85**	**178**	**177**

Normalized earnings attributable to common shareholders and normalized earnings per share

The Company uses normalized earnings attributable to common shareholders and normalized earnings per share to measure performance by period on a comparable basis. Normalized earnings per share is based on earnings used in the calculation of earnings per share according to GAAP adjusted for items that are not reflective of performance in the period such as unrealized fair value changes, impairment charges, unusual tax adjustments, gains and losses on disposal of assets or unusual contracts, and foreign exchange gain or loss on the revaluation of U.S. dollar denominated debt. The adjustments consist of unrealized fair value changes on financial instruments that are not necessarily indicative of future actual realized gains or losses, non-recurring gains or losses, or gains or losses reflecting corporate structure decisions.

(unaudited, $ millions except per share amounts and number of common shares)	Three months ended							
	Jun 30 2015	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**	**Mar 31 2014**	**Dec 31 2013**	**Sep 30 2013**
Basic (loss) earnings per share ($)	**(0.39)**	**0.41**	**0.40**	**(0.62)**	**0.17**	**0.33**	**0.89**	**0.55**
Net (loss) income attributable to shareholders of the Company per Consolidated Statements of Income	**(34)**	**40**	**39**	**(45)**	**20**	**32**	**77**	**44**
Preferred share dividends including Part VI.1 tax	(6)	(6)	(6)	(6)	(6)	(5)	(6)	(5)
(Loss) earnings attributable to common shareholders	(40)	34	33	(51)	14	27	71	39
Unrealized changes in fair value of derivatives	33	(17)	(21)	(3)	8	(5)	(9)	(1)
Income tax expense related to increase in deferred tax liabilities caused by change in Alberta statutory corporate income tax rate	19	-	-	-	-	-	-	-
Unrealized foreign exchange (gain) loss on revaluation of U.S. dollar denominated debt	(2)	10	4	5	(3)	3	4	-
Impact of change in non-controlling interests percentage on adjustments of previous quarters	(1)	-	1	-	-	-	-	-
Recognition of tax liability on foreign domiciled investment	1	-	-	-	-	-	-	-
Write-down of U.S. deferred tax assets	-	-	-	59	-	-	-	-
Amount received upon amendment of the Genesee Coal Mine Agreements	-	-	-	-	(14)	-	-	-
Genesee flood damage repair costs	-	-	-	-	1	1	-	-
Gain on sale of North East U.S. assets	-	-	-	-	-	-	(34)	-
Reduction of amount receivable related to Sundance force majeure claim	-	-	-	-	-	-	6	-
Income tax (recovery) expense related to change in income tax rate applicable to North East U.S.	-	-	-	-	-	-	(6)	6
Restructuring charges	-	-	-	-	-	-	1	4
Obligation to EPCOR for Rossdale plant	-	-	-	-	-	-	(1)	-
Impairment loss on North East U.S. assets	-	-	-	-	-	-	-	3
Normalized earnings attributable to common shareholders	**10**	**27**	**17**	**10**	**6**	**26**	**32**	**51**
Weighted average number of common shares outstanding (millions)	102.05	83.74	83.31	82.79	81.94	81.18	79.73	70.83
Normalized earnings per share ($)	**0.10**	**0.32**	**0.20**	**0.12**	**0.07**	**0.32**	**0.40**	**0.72**

Normalized earnings per share reflects the period-over-period change in normalized earnings attributable to common shareholders and the changes from period to period as the weighted average number of common shares outstanding increases or decreases and the net income attributable to non-controlling interests decreases.

FINANCIAL HIGHLIGHTS

(unaudited, $ millions, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Revenues	83	240	441	548
Adjusted EBITDA [1]	45	78	192	191
Net (loss) income	(48)	21	2	59
Net (loss) income attributable to shareholders of the Company	(34)	20	6	52
Normalized earnings attributable to common shareholders [1]	10	6	37	32
Basic and diluted earnings (loss) per share ($) [2]	(0.39)	0.17	(0.06)	0.50
Normalized earnings per share ($) [1]	0.10	0.07	0.40	0.39
Funds from operations [1,3]	70	85	178	177
Purchase of property, plant and equipment and other assets	35	63	87	138
Dividends per common share, declared ($)	0.3400	0.3150	0.6800	0.6300
Dividends per Series 1 preferred share, declared ($)	0.2875	0.2875	0.5750	0.5750
Dividends per Series 3 preferred share, declared ($)	0.2875	0.2875	0.5750	0.5750
Dividends per Series 5 preferred share, declared ($)	0.2813	0.2813	0.5626	0.5626

	As at	
	June 30, 2015	December 31, 2014
Loans and borrowings including current portion	1,639	1,586
Total assets	5,418	5,420

[1] The consolidated financial highlights, except for adjusted EBITDA, normalized earnings attributable to common shareholders, normalized earnings per share and funds from operations were prepared in accordance with GAAP. See Non-GAAP Financial Measures.

[2] Diluted earnings per share was calculated after giving effect to outstanding share purchase options and the subsequent exchange of common limited partnership units of CPLP held by EPCOR which are exchangeable for common shares of Capital Power on a one-for-one basis. See Subsequent Event.

[3] The reported funds from operations measure was changed consistent with the reclassification of Part VI.1 tax from operating activities to financing activities in the Company's statement of cash flows. All comparative funds from operations amounts for 2014 were revised.

Normalized earnings attributable to common shareholders and normalized earnings per share

Normalized earnings attributable to common shareholders and normalized earnings per share were higher for the three months ended June 30, 2015 compared with the three months ended June 30, 2014. The number of common shares outstanding increased as a result of the common shares issued to EPCOR following the exchange transactions (see Significant Events). Normalized earnings attributable to common shareholders and normalized earnings per share for the first six months of 2015 increased from the first six months of 2014 consistent with increased adjusted EBITDA.

Funds from operations

Funds from operations for the three and six months ended June 30, 2015 in comparison to the three and six months ended June 30, 2014 were consistent with the changes in adjusted EBITDA for those periods.

SIGNIFICANT EVENTS

Dividend increase

On July 27, 2015, the Company announced that its Board of Directors approved a 7.4% increase in the annual dividend for holders of its common shares, from $1.36 per common share to $1.46 per common share. This increased common dividend will commence with the third quarter 2015 quarterly dividend payment payable on October 30, 2015 to shareholders of record at the close of business on September 30, 2015.

Changes to Alberta's emissions regulations and review of climate change policy

On June 25, 2015, the Alberta government announced changes to Alberta's regulations governing carbon emissions and a comprehensive review of Alberta's climate change policy. The changes to the Specified Gas Emitters Regulation (SGER) will increase the required reduction in emissions intensity from 12% to 15% in 2016 and 20% in 2017, and increase the cost of contributions to the Climate Change and Emissions Management Fund from $15 per tonne of greenhouse gases to $20 per tonne in 2016 and $30 per tonne in 2017.

Capital Power expects that, between 2016 and 2020, the increase in the Company's emissions compliance costs will be partly mitigated by higher wholesale power prices directly caused by the new regulations while its inventory of low-cost carbon offset credits are expected to offset the balance of its increased compliance costs through 2020. The projected impact post 2020 is a $10 million to $15 million reduction in adjusted EBITDA once its existing carbon offset credits inventory is fully utilized and assuming no actions by Capital Power to further reduce carbon dioxide emissions. Capital Power will actively participate in the consultation process that is expected to lead to a climate change strategy being announced later in 2015.

K2 Wind begins commercial operation

On May 29, 2015, Capital Power, Samsung Renewable Energy Inc. and Pattern Energy Group LP announced that K2 Wind is fully operational and capable of generating 270 MW of electricity for the province of Ontario and operates under a 20-year power purchase agreement with the Independent Electricity System Operator. Capital Power owns 90 MW or 33.3% of the capacity of this facility. Capital Power's share of final construction costs are expected to be $310 million.

Secondary offering of Capital Power shares by EPCOR

On April 2, 2015, EPCOR exchanged all of its exchangeable common limited partnership units in CPLP for common shares of Capital Power on a one-for-one basis and sold 9.450 million of such common shares to the public pursuant to a secondary offering at $23.85 per common share. Capital Power did not receive any of the proceeds from EPCOR's sale of common shares. After giving effect to the exchange and the secondary offering, EPCOR owns approximately 9.1% of the common shares of Capital Power and no special voting shares of Capital Power or limited partnership units of CPLP. EPCOR has advised that it plans to eventually sell all or a substantial portion of its remaining interest in Capital Power, subject to market conditions, based on its requirements for capital and other circumstances that may arise in the future. In connection with the offering, the Registration Rights Agreement between Capital Power and EPCOR was terminated. Thus, the Company will no longer be obligated to assist EPCOR in making a secondary offering and any future sales of common shares by EPCOR will be completed by other means. As a result of EPCOR ceasing to hold special voting shares and EPCOR's ownership interest in Capital Power decreasing to below 10%, EPCOR no longer has the right, separately as a holder of special voting shares, to nominate and appoint any directors to Capital Power's Board of Directors.

The debt payable to EPCOR, as at June 30, 2015, of $325 million is recorded as current since EPCOR may, by advance written notice, require repayment of all or any portion of the outstanding principal amount of this debt and accrued interest thereon.

The Company intends to review the structure of CPLP with the goals of simplifying the organization structure and reporting, and reducing costs associated with CPLP, including audit, legal, board, management and filing expenses.

Approval of normal course issuer bid and suspension of Dividend Re-investment Plan

On March 25, 2015, Capital Power's normal course issuer bid to purchase and cancel up to 5 million of its outstanding common shares during the one-year period from April 7, 2015 to April 6, 2016 was approved by the Toronto Stock Exchange. Up to June 30, 2015, the Company purchased and cancelled 1.598 million common shares totalling $38 million. Effective with the expected June 30, 2015 dividend, Capital Power also announced that its Dividend Re-investment Plan (DRIP) for its common shares will be suspended until further notice. Shareholders participating in the DRIP will begin receiving cash dividends on the expected July 31, 2015 payment date.

Shepard Energy Centre begins commercial operation

On March 11, 2015, Capital Power and ENMAX announced that Shepard Energy Centre is now fully operational and capable of generating over 800 MW of electricity to the Alberta grid. Capital Power became a 50% owner of this natural gas facility in 2012 and its final construction costs are expected to be $854 million which includes an accrued performance bonus due to the turbine manufacturer.

Executive appointments

Capital Power and the Board of Directors announced the appointments of Bryan DeNeve to the executive position of Senior Vice President, Finance and Chief Financial Officer and Stuart Lee to the executive position of Senior Vice President Corporate Development and Commercial Services effective May 1, 2015. Mr. DeNeve and Mr. Lee formerly held the positions of Senior Vice President Corporate Development and Commercial Services and Senior Vice President, Finance and Chief Financial Officer, respectively.

CONSOLIDATED NET (LOSS) INCOME AND RESULTS OF OPERATIONS

The primary factors contributing to the change in consolidated net income for the three and six months ended June 30, 2015 compared with the three and six months ended June 30, 2014 are presented below followed by further discussion of these items.

(unaudited, $ millions)	Three months		Six months	
Consolidated net income for the periods ended June 30, 2014		**21**		**59**
Increase (decrease) in adjusted EBITDA:				
Alberta commercial plants and portfolio optimization	6		10	
Alberta contracted plants	11		11	
Ontario and British Columbia contracted plants	1		1	
U.S. contracted plants	3		8	
Corporate	(20)		(19)	
Change in unrealized net gains or losses related to the fair value of commodity derivatives and emission credits	(34)	(33)	(10)	1
Increase in depreciation and amortization expense		(8)		(13)
Change in foreign exchange gain or loss		(2)		(6)
Increase in finance expense including change in unrealized net gains or losses related to the fair value of interest rate derivatives		(12)		(17)
Decrease in income before tax		(55)		(35)
Increase in income tax expense		(14)		(22)
Decrease in net income		**(69)**		**(57)**
Consolidated net (loss) income for the periods ended June 30, 2015		**(48)**		**2**

Results by Plant Category and Other

	Three months ended June 30							
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	Electricity generation (GWh) [1]		**Plant availability** (%) [2]		**Revenues** (unaudited, $ millions)		**Adjusted EBITDA** (unaudited, $ millions) [3]	
Total electricity generation, average plant availability and plant revenues excluding Sundance PPA	3,553	2,711	90	92	228	160		
Alberta commercial plants and Sundance PPA								
Genesee 3	491	438	100	96	27	17		
Keephills 3	436	381	97	100	22	16		
Clover Bar Energy Centre 1, 2 and 3	98	66	95	98	16	8		
Joffre	76	71	87	95	11	8		
Shepard Energy Centre	443	N/A	73	N/A	23	N/A		
Halkirk	107	92	98	98	9	6		
Clover Bar Landfill Gas	3	5	93	83	-	-		
Alberta commercial plants – owned	1,654	1,053	89	97	108	55		
Sundance PPA	565	521	79	67	27	17		
Portfolio optimization [4]	N/A	N/A	N/A	N/A	(5)	61		
	2,219	1,574	86	84	130	133	49	43
Alberta contracted plants								
Genesee 1	608	771	72	96				
Genesee 2	838	546	100	66				
	1,446	1,317	86	81	67	58	45	34
Ontario and British Columbia contracted plants								
Island Generation	37	-	100	100	9	10		
K2 Wind [5]	19	N/A	98	N/A	N/A	N/A		
Kingsbridge 1	21	22	95	97	1	1		
Port Dover and Nanticoke	69	66	97	94	9	8		
Quality Wind	82	80	97	99	6	6		
	228	168	98	98	25	25	19	18
U.S. contracted plants								
Macho Springs, New Mexico [6]	37	N/A	99	N/A	4	N/A		
Roxboro, North Carolina	70	58	87	96	8	6		
Southport, North Carolina	118	115	88	93	16	16		
	225	173	91	94	28	22	6	3
Corporate [7]					4	15	(27)	(7)
Unrealized changes in fair value of commodity derivatives and emission credits					(171)	(13)	(47)	(13)
Consolidated revenues and adjusted EBITDA					**83**	**240**	**45**	**78**

	Six months ended June 30							
	2015	2014	2015	2014	2015	2014	2015	2014
	Electricity generation (GWh) [1]		**Plant availability** (%) [2]		**Revenues** (unaudited, $ millions)		**Adjusted EBITDA** (unaudited, $ millions) [3]	
Total electricity generation, average plant availability and plant revenues excluding Sundance PPA	6,951	5,952	94	94	406	370		
Alberta commercial plants and Sundance PPA								
Genesee 3	984	904	100	96	41	45		
Keephills 3	893	780	99	100	35	40		
Clover Bar Energy Centre 1, 2 and 3	168	174	96	98	21	23		
Joffre	162	189	94	97	18	21		
Shepard Energy Centre	503	N/A	74	N/A	24	N/A		
Halkirk	243	230	98	97	18	19		
Clover Bar Landfill Gas	5	8	96	72	-	-		
Alberta commercial plants – owned	2,958	2,285	93	97	157	148		
Sundance PPA	1,256	1,271	85	78	47	57		
Portfolio optimization [4]	N/A	N/A	N/A	N/A	142	116		
	4,214	3,556	90	89	346	321	112	102
Alberta contracted plants								
Genesee 1	1,423	1,449	85	90				
Genesee 2	1,674	1,378	100	83				
	3,097	2,827	92	86	133	121	87	76
Ontario and British Columbia contracted plants								
Island Generation	37	115	100	100	19	19		
K2 Wind [5]	19	N/A	98	N/A	N/A	N/A		
Kingsbridge 1	52	56	96	96	3	4		
Port Dover and Nanticoke	160	159	98	96	20	20		
Quality Wind	190	177	98	97	19	19		
	458	507	99	98	61	62	49	48
U.S. contracted plants								
Macho Springs, New Mexico [6]	62	N/A	99	N/A	7	N/A		
Roxboro, North Carolina	129	97	92	93	14	10		
Southport, North Carolina	247	236	88	96	34	29		
	438	333	92	95	55	39	11	3
Corporate [7]					5	17	(51)	(32)
Unrealized changes in fair value of commodity derivatives and emission credits					(159)	(12)	(16)	(6)
Consolidated revenues and adjusted EBITDA					**441**	**548**	**192**	**191**

1 Electricity generation reflects the Company's share of plant output.

2 Plant availability represents the percentage of time in the period that the plant was available to generate power regardless of whether it was running, and therefore is reduced by planned and unplanned outages.

3 The financial results by plant category, except for adjusted EBITDA, were prepared in accordance with GAAP. See Non-GAAP Financial Measures.

4 The results of the previously reported other portfolio activities category were included in the Alberta commercial plants and Sundance PPA category effective January 1, 2014.

5 K2 Wind is accounted for under the equity method.

6 Macho Springs was acquired in December 2014.

7 Corporate revenues were offset by interplant category eliminations.

Energy prices and hedged positions

Alberta	Unit	Three months ended June 30		Six months ended June 30		Year ended December 31, 2014
		2015	2014	2015	2014	
Hedged position [1]	Percentage sold forward at beginning of period (%)	100	82	100	92	100
Spot power price average	$/MWh	57	42	43	51	49
Realized power price [2]	$/MWh	46	57	53	58	58
Natural gas price (AECO) [3]	$/gigajoule (Gj)	2.52	4.46	2.58	4.85	4.49

[1] Hedged position is for the Alberta baseload plants and Sundance PPA plus a portion of Joffre and the uncontracted portion of Shepard Energy Centre baseload.

[2] Realized power price is the average price realized on the Company's commercial contracted sales and portfolio optimization activities.

[3] AECO refers to the historical virtual trading hub located in Alberta and known as the Nova Inventory Transfer system operated by TransCanada Pipelines Limited.

Alberta commercial plants, Sundance PPA and portfolio optimization

For the three and six months ended June 30, 2015, generation increased compared with the same periods in 2014 primarily due to the addition of Shepard Energy Centre. However, availability for these comparative periods was significantly impacted by the 2015 second quarter unplanned outage of Shepard Energy Centre of 28 days caused by the heat recovery steam generator outage and, to a lesser extent, the planned outage of Joffre Unit 1. Sundance Unit 5 also experienced a planned outage in the second quarter of 2015.

The Alberta spot power price average was $57 per MWh for the three months ended June 30, 2015 and $43 per MWh for the six months ended June 30, 2015. The Alberta spot power price for the second quarter 2015 was higher than the same period in 2014 as a result of increased volatility in the market due to warmer weather, weaker wind supply, and increased unplanned outages in the Alberta market. Power prices in the second quarter of 2015 varied significantly from month to month, averaging $21 per MWh in April 2015, $54 per MWh in May 2015, and $97 in June 2015. The plant outages and warmer weather occurred primarily in June 2015 coinciding with the higher average power prices. The Company's commercial production was 100% sold forward in the second quarter of 2015 and thus it was required to cover a short market position during periods of unplanned outages.

For the six months ended June 30, 2015, the lower average spot price reflected minimal market volatility due to generation from Shepard Energy Centre, increased wind capacity, fewer unplanned outages, and lower market demand.

In addition, the SGER compliance costs were higher in the three and six months ended June 30, 2015 by $3 million compared with the same periods in 2014 as the Company elected to meet its obligations by paying the statutory rate of $15 per tonne of greenhouse gases compared with 2014 when the Company's inventory of carbon offset credits was used. This is consistent with a strategy of saving the existing inventory to cover the higher compliance cost of $30 per tonne of greenhouse gases which commences January 1, 2017.

Alberta contracted plants

For the three months and six months ended June 30, 2015 compared with the same periods in 2014, increased generation and availability were due to fewer outages at Genesee 1. Revenues and adjusted EBITDA for the three and six months ended June 30, 2015 increased compared with the same periods in 2014 due to increased availability and energy payments partly offset by the impact of lower power prices and increased coal costs.

Ontario and British Columbia contracted plants

For the three months ended June 30, 2015 compared with the same period in 2014, increased generation reflected dispatch of Island Generation during the second quarter of 2015. Decreased generation for the six months ended June 30, 2015 compared with the same period in 2014 was a result of Island Generation not being dispatched as often for the first six months of 2015.

Revenues and adjusted EBITDA for the three and six months of 2015 were consistent with the same periods in 2014. Island Generation's decreased generation had little impact on revenues and adjusted EBITDA because, under the terms of the Island Generation agreement, revenues are based on deemed generation which is determined based on the plant's availability. Deemed generation for the three and six months ended June 30, 2015 was consistent with the corresponding period in 2014.

U.S. contracted plants

For the three months and six months ended June 30, 2015 compared with the same periods in 2014, increased generation reflected the addition of Macho Springs and increased off-peak generation at Roxboro and Southport. Availability was lower for both periods in 2015 compared with the same periods in 2014 due to increased outages at Southport and Roxboro.

Revenues and adjusted EBITDA for the three and six months ended June 30, 2015 increased compared with the same periods in 2014 due to the addition of Macho Springs, increased generation from Roxboro and Southport, and increased contracted prices for the sales of renewable energy certificates.

Corporate

Corporate includes (i) revenues for cost recoveries, (ii) the cost of support services such as treasury, finance, internal audit, legal, human resources, corporate risk management, asset management, and environment, health and safety, and (iii) business development expenses. The cost recovery revenues are primarily intercompany revenues which are offset by interplant category transactions.

The Corporate category's net expenditures for the three and six months ended June 30, 2015 were consistent with the same periods in 2014 except for the $20 million of revenues recognized in the three months ended June 30, 2014 arising from the amendment of the Genesee Coal Mine Agreements on the acquisition of the Genesee Coal Mine by Westmoreland Coal Company.

Unrealized changes in fair value of commodity derivatives and emission credits

(unaudited, $ millions)	Three months ended June 30			
Unrealized changes in fair value of commodity derivatives and emission credits	**2015**	**2014**	**2015**	**2014**
	Revenues		**Adjusted EBITDA**	
Unrealized losses on Alberta energy derivatives	(159)	(22)	(46)	(17)
Unrealized losses on natural gas derivatives	(11)	(1)	-	-
Unrealized (losses) gains on emission portfolio activities	(1)	8	-	8
Unrealized losses on emission credits held for trading	-	-	(1)	(4)
Other	-	2	-	-
	(171)	**(13)**	**(47)**	**(13)**

(unaudited, $ millions)	Six months ended June 30			
Unrealized changes in fair value of commodity derivatives and emission credits	**2015**	**2014**	**2015**	**2014**
	Revenues		**Adjusted EBITDA**	
Unrealized losses on Alberta energy derivatives	(120)	(23)	(24)	(15)
Unrealized (losses) gains on natural gas derivatives	(40)	(1)	8	(1)
Unrealized gains on emission portfolio activities	1	9	1	9
Unrealized losses on emission credits held for trading	-	-	(1)	-
Other	-	3	-	1
	(159)	**(12)**	**(16)**	**(6)**

1 The financial results, except for adjusted EBITDA, were prepared in accordance with GAAP. See Non-GAAP Financial Measures.

The Company's financial results relating to its Alberta commercial plants and portfolio optimization include unrealized changes in the fair value of commodity and other derivatives.

When a derivative instrument settles, the unrealized fair value changes recorded in prior periods for that instrument are reversed and included in this category. The gain or loss realized upon settlement is reflected in adjusted EBITDA for the applicable plant or Corporate category.

Alberta desk electricity portfolio activity in the three months ended June 30, 2015 accounted for unrealized net losses of $46 million. The losses were primarily attributed to the impact of increasing Alberta forward power prices combined with the portfolio's net forward sales contracts. During the same period in 2014, the Company recognized unrealized net losses of $17 million which reflected the impact of net forward sales contracts being valued based on increasing Alberta forward power prices. During the six months ended June 30, 2015, the Company recognized unrealized net losses of $24 million which reflected the reversal of prior periods' unrealized net gains on forward sales contracts which were settled during the first six months of 2015 combined with the impact of net forward sales contracts being valued based on increasing Alberta forward power prices. During the six months ended June 30, 2014, the Company recognized unrealized net losses of $15 million primarily due to net forward sales contracts valued based on increasing Alberta forward power prices.

During the six months ended June 30, 2015, the Company recognized unrealized net gains of $8 million on natural gas derivatives which primarily reflected the reversal of previously recognized unrealized net losses on contracts which settled during the first six months of 2015.

Emission portfolio activities for the three and six months ended June 30, 2015 were immaterial compared with the same periods in 2014 when the Company recognized unrealized net gains of $8 million and $9 million, respectively, which were primarily driven by net forward sales contracts valued based on increasing forward prices.

Unrealized changes in the fair value of emission credits held for trading were immaterial for the three months ended June 30, 2015 compared to the same period in 2014 where the Company recognized unrealized net losses of $4 million which reflected the reversal of prior period's unrealized net gains on emission credits which were sold during the quarter as well as the impact of decreasing market prices on the valuation of the credits.

Consolidated Other Expenses and Non-controlling Interests

(unaudited, $ millions)	Three months ended June 30		Six months ended June 30	
	2015	**2014**	**2015**	**2014**
Interest on borrowings less capitalized interest	(22)	(11)	(35)	(23)
Realized gains on settlement of interest rate derivatives	1	2	1	2
Other finance expense – sundry interest and guarantee and other fees	(1)	-	(2)	(2)
	(22)	(9)	(36)	(23)
Unrealized (loss) gain representing changes in the fair value of interest rate derivatives	-	(1)	(2)	1
Other finance expense – amortization and accretion charges	(1)	(1)	(2)	(2)
Other finance expense – finance charges incurred on repurchase of debt	-	-	(1)	-
Total finance expense	(23)	(11)	(41)	(24)
Depreciation and amortization	(55)	(47)	(106)	(93)
Foreign exchange gain (loss)	1	3	(7)	(1)
Income tax expense	(16)	(2)	(36)	(14)
Net loss (income) attributable to non-controlling interests	14	(1)	4	(7)

Finance expense

Higher finance expense for the three and six months ended June 30, 2015 compared with the three and six months ended June 30, 2014 was primarily due to decreased capitalized interest as the Shepard Energy Centre was completed in March 2015.

Depreciation and amortization

Depreciation and amortization for the three and six months ended June 30, 2015 increased $8 million and $13 million, respectively, compared with the same periods in the prior year primarily due to additional expense recognized for Macho Springs which was acquired in December 2014 and for Shepard Energy Centre which commenced commercial operation in March 2015.

Foreign exchange loss

As at June 30, 2015, the Company had outstanding U.S. dollar denominated debt payable totalling US$295 million. Approximately US$195 million is hedged for accounting purposes using foreign currency swaps. Foreign exchange loss consisted of the loss incurred on the revaluation of U.S. dollar denominated debt not hedged for accounting purposes. For the three months ended June 30, 2015, the exchange rate of the Canadian dollar relative to the U.S. dollar increased resulting in an unrealized gain of $1 million. For the six months ended June 30, 2015, the exchange rate decreased resulting in an unrealized loss of $7 million.

Income tax expense

Income tax expense increased $14 million for the three months ended June 30, 2015 and increased $22 million for the six months ended June 30, 2015 primarily due to the impact of the increase in the Alberta statutory corporate income tax rate which increased deferred tax liabilities on the statement of financial position.

Non-controlling interests

For the period from January 1, 2015 to April 2, 2015, 18% of CPLP's net income was attributable to EPCOR (three months and six months ended June 30, 2014 - 19%) which was reported as net income attributable to non-controlling interests by the Company. Effective April 2, 2015, EPCOR disposed of all its interest in CPLP (see Significant Events). Net income attributable to non-controlling interests also included the Genesee Coal Mine Assets (Coal Mine) partner's share of the consolidated net income of the Coal Mine. Subsequent to April 2, 2015, non-controlling interests for future periods will consist only of the Coal Mine partner's share of consolidated net income of the Coal Mine.

COMPREHENSIVE (LOSS) INCOME

(unaudited, $ millions)	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Net (loss) income	(48)	21	2	59
Other comprehensive loss:				
Net unrealized losses on commodity derivatives designated as cash flow hedges	(89)	(3)	(41)	(16)
Net realized losses (gains) and ineffective portion of unrealized losses (gains) on commodity derivatives designated as cash flow hedges reclassified to revenues and/or energy purchases and fuel	7	(10)	(14)	(5)
Unrealized foreign exchange (losses) gains on the translation of foreign operations	(2)	(7)	14	1
	(84)	(20)	(41)	(20)
Comprehensive (loss) income	**(132)**	**1**	**(39)**	**39**

Other comprehensive income includes fair value adjustments on financial instruments held by the Company to hedge market risks and which meet the requirements of hedges for accounting purposes. To the extent that such hedges are ineffective, any related gains or losses are recognized in net income. Other unrealized fair value changes on derivatives designated as cash flow hedges and foreign currency translation gains or losses are subsequently recognized in net income when the hedged transactions are completed and the foreign operations are disposed of or otherwise terminated.

FINANCIAL POSITION

The significant changes in the Consolidated Statements of Financial Position from December 31, 2014 to June 30, 2015 were as follows:

(unaudited, $ millions)	June 30, 2015	December 31, 2014	Increase (decrease)	Primary reason for increase (decrease)
Trade and other receivables	219	185	34	Higher trade receivables related to Alberta operations resulting from higher power prices and contribution receivable from ENMAX.
Inventories	121	104	17	Increased coal fuel inventory and emission credits held for trading.
Net derivative financial instruments assets	65	113	(48)	Impact of increased Alberta forward power prices on the fair value of forward sales contracts.
Finance lease receivables	699	708	(9)	Payments received.
Property, plant and equipment	3,710	3,701	9	Capital additions (most significantly, Shepard Energy Centre) partly offset by depreciation and amortization.
Trade and other payables	222	185	37	Increased capital trade payables related to Shepard and Genesee 1 shutdown costs and increased emission credit payables.
Loans and borrowings (including current portion)	1,639	1,586	53	Increased bankers' acceptances outstanding and increased U.S. dollar denominated debt outstanding including the impact of foreign exchange partly offset by repayment of loans and borrowings.
Net deferred tax liabilities	301	228	73	Impact of increased Alberta statutory income tax rate and increased share of ownership of CPLP.
Share capital	2,826	2,391	435	Shares issued to EPCOR and under the Dividend Re-investment Plan.
Retained (deficit) earnings	(72)	25	(97)	Net loss and common and preferred share dividends.
Other reserves	(11)	35	(46)	Unrealized losses on cash flow hedges and reclassification of gains to income partly offset by unrealized gains on investment in foreign operations.
Non-controlling interests	69	552	(483)	EPCOR's exchange of exchangeable common limited partnership units of CPLP for common shares of Capital Power

LIQUIDITY AND CAPITAL RESOURCES

(unaudited, $ millions)	Six months ended June 30		
Cash inflows (outflows)	2015	2014	Increase (decrease)
Operating activities	121	182	(61)
Investing activities	(56)	(125)	69
Financing activities	(89)	(70)	(19)

Operating activities

Cash flows from operating activities for the six months ended June 30 decreased on a year-over-year basis primarily due to the receipt, in 2014, of $20 million in revenues on the amendment of the Genesee Coal Mine Agreements and lower cash contributions from operating working capital.

Investing activities

Cash flows used in investing activities for the six months ended June 30, 2015 included $87 million for purchases of property, plant and equipment and other assets (six months ended June 30, 2014 - $138 million) partly offset by $21 million of cash inflows from changes in trade payable balances related to capital expenditures (six months ended June 30, 2014 – cash outflows of $3 million). Cash flows from investing activities also included $10 million for cash proceeds on sale of emission credits and other miscellaneous cash receipts (six months ended June 30, 2014 - $16 million).

Capital expenditures and investments

(unaudited, $ millions)	Pre-2015 Actual	Six months ended June 30, 2015 Actual	Balance of 2015 Estimated [1]	Actual or Projected Total [2]	Timing
K2 Wind [3]	44	1	-	310	Commercial operation commenced May 2015
Shepard Energy Centre	811	41	2	854	Commercial operation commenced March 2015
Beaufort Solar	-	6	39	45	Targeted completion in fourth quarter 2015
Genesee 4 and 5 [4]	2	2	15	700	Targeted completion of first unit 2019
Subtotal growth projects		**50**			
Sustaining – plant maintenance excluding Genesee mine		30			
Sustaining – Genesee mine maintenance and lands [5]		2			
Sustaining – other		3			
Total capital expenditures [6]		**85**			
Emission credits held for compliance		10			
Capitalized interest		(8)			
Purchase of property, plant and equipment and other assets		**87**			

1 The Company's 2015 estimated capital expenditures include only expenditures for previously announced growth projects and exclude other potential new development projects.

2 Projected capital expenditures to be incurred over the life of the project are based on management's estimates.

3 The actual expenditures for K2 Wind primarily consist of the Company's estimated equity contribution to the K2 Wind partnership. The projected total of $310 million is Capital Power's share of the K2 Wind partnership's expected capital expenditures including both debt and equity financed components.

4 Excludes interest to fund construction and refundable transmission system contribution payments.

5 Capital expenditures for Genesee mine maintenance represent only those capital expenditures funded by the Company for its share of the Genesee mine operation.

6 Capital expenditures include capitalized interest. Capital expenditures excluding capitalized interest are presented on the Statement of Cash Flows as purchase of property, plant and equipment and other assets.

Financing activities

The cash flows used in financing activities for the six months ended June 30, 2015 primarily reflected the sum of distributions to non-controlling interests, common share dividends, and preferred share dividends paid of $58 million, common share purchases and cancellation of $38 million, repayment of loans and borrowings of $56 million and interest paid that was capitalized of $8 million. These cash outflows were partly offset by cash inflows from the issue of loans and borrowings of $75 million through the utilization of the Company's credit facilities.

The Company's credit facilities consisted of:

(unaudited, $ millions)		As at June 30, 2015			As at December 31, 2014		
	Maturity timing	**Total facilities**	**Credit facility utilization**	**Available**	**Total facilities**	**Credit facility utilization**	**Available**
CPLP committed credit facility	2020	1,000			1,200		
Letters of credit outstanding			142			122	
Bankers' acceptances outstanding			45			-	
U.S. dollar bank loans outstanding			30			17	
		1,000	217	783	1,200	139	1,061
CPLP demand facility	N/A	20	-	20	20	-	20
Capital Power Corporation demand facility	N/A	5	-	5	5	-	5
		1,025	**217**	**808**	**1,225**	**139**	**1,086**

During the second quarter of 2015, the Company amended its credit facilities to reduce the committed credit facility from $1,200 million to $1,000 million. As at June 30, 2015, the committed credit facility utilization increased $78 million compared with the utilization as at December 31, 2014 primarily due to increased bankers' acceptances outstanding. The committed credit facility includes an accordion feature that permits an increase to the facility size by $300 million in the future, subject to certain conditions including lender approval. The maturity date of CPLP's credit agreements is July 9, 2020. The available credit facilities provide the Company with adequate funding for ongoing development projects.

CPLP has a corporate credit rating of BBB- with a stable outlook from Standard & Poor's (S&P). According to S&P, a BBB- corporate credit rating exhibits adequate capacity to meet financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

CPLP has a long-term debt credit rating of BBB from DBRS Limited (DBRS). The BBB rating assigned by DBRS is the fourth highest rating of DBRS' ten rating categories for long-term debt obligations. According to DBRS, long-term debt rated BBB is of adequate credit quality. The capacity of the payment of financial obligations is considered acceptable but the entity is vulnerable to future events.

The above credit ratings from S&P and DBRS are investment grade credit ratings which enhance CPLP's ability to re-finance existing debt as it matures and to access cost competitive capital for future growth.

Future cash requirements

The following estimates of future cash requirements are subject to variable factors including those discussed in Forward-looking Information. Capital Power's expected cash requirements for 2015 include:

(unaudited, $millions)	2015 Expected Cash Requirements
Medium-term note settlement and/or repayment	226
Capital expenditures excluding capitalized interest and emission credits held for compliance	162
Common share purchase and cancellation	75
Common share dividends	126
Preferred share dividends	22
CPLP distributions to EPCOR	12

The current portion of loans and borrowings on the June 30, 2015 statement of financial position included $325 million senior debt payable to EPCOR which was classified as current since the debt is callable and, therefore, potentially repayable in 2015 (see Transactions with Related Parties).

The Company expects to fund the development and construction of the Genesee 4 and 5 project using existing bank credit facilities and cash flows from operating activities. The Company's other cash requirements identified above are expected to be funded with cash on hand, cash flows from operating activities, use of existing bank credit facilities, and, if necessary, the issuance of long-term debt.

The Company uses short-form base shelf prospectuses to provide it with the ability, market conditions permitting, to obtain new debt and equity capital from external markets when required. Under the short-form base shelf prospectuses, Capital Power may raise up to $3 billion by issuing common shares, preferred shares, subscription receipts exchangeable for common shares and/or other securities of the Company and/or debt securities, and up to $1 billion by issuing medium-term notes with maturities of not less than one year. These prospectuses expire in January 2017.

If instability reoccurs in the Canadian and U.S. financial markets, Capital Power's ability to raise new capital, to meet its financial requirements, and to refinance indebtedness under existing credit facilities and debt agreements may be adversely affected. Capital Power has credit exposure relating to various agreements, particularly with respect to its PPA, trading and supplier counterparties. While Capital Power continues to monitor its exposure to its significant counterparties, there can be no assurance that all counterparties will be able to meet their commitments.

Off-statement of financial position arrangements

The Company has off-statement of financial position arrangements including operating leases and, as at June 30, 2015, $142 million of outstanding letters of credit for collateral support for trading operations, conditions of certain service agreements and to satisfy legislated reclamation requirements. If the Company were to terminate these off-statement of financial position arrangements, the penalties or obligations would not have a material impact on the Company's financial condition, results of operations, liquidity, capital expenditures or resources.

Capital resources

(unaudited, $ millions)	As at	
	June 30, 2015	**December 31, 2014**
Loans and borrowings	1,639	1,586
Less cash and cash equivalents	50	71
Net debt	1,589	1,515
Share capital	2,826	2,391
Retained (deficits) earnings and other reserves	(83)	60
Non-controlling interests	69	552
Total equity	2,812	3,003
Total capital	**4,401**	**4,518**

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

As of July 24, 2015, the Company's contractual obligations have increased by approximately $20 million with respect to the Beaufort Solar project which is expected to commence commercial operation by the end of 2015 at an estimated total project cost of $45 million. The Company expects to enter into a sale-leaseback transaction of the Beaufort Solar project with a tax equity partner.

There were no other changes to the Company's purchase obligations and commitments since December 31, 2014 that would be material to the Company's business or financial position. For further information on contractual obligations, refer to the Company's December 31, 2014 MD&A.

Contingent liabilities

Capital Power is participating in a line loss factor proceeding underway before the Alberta Utilities Commission (AUC) regarding factors that form the basis for certain transmission charges paid by Alberta generators including Capital Power. This proceeding intends to address the factors to be applied for the years 2006 forward and is expected to be completed in three modules. In January 2015, the AUC issued its decision in Module A of the line loss factor proceeding that the AUC has the jurisdiction and authority to retrospectively change the line loss rule and related loss factors and that such changes as may be determined will be applied retroactively. Module B will address the replacement line loss factors and rules. Module C will address the compensation to be paid or received by the various parties. It is expected that a Module B decision will be issued no earlier than the third quarter of 2015 while the timing of a Module C decision is unknown. There are many variables and considerations that must be taken into account in establishing transmission line loss factors and new line loss factors have not been established nor has any mechanism for the sharing of any retrospective adjustments been established. Capital Power may incur material additional transmission charges on a retrospective and go-forward basis but a provision has not been recorded in the Company's financial statements since the outcome of the proceeding is not known.

The Company and its subsidiaries are subject to various legal claims that arise in the normal course of business. Management believes that the aggregate contingent liability of the Company arising from these claims is immaterial and therefore no provision has been made.

TRANSACTIONS WITH RELATED PARTIES

EPCOR was a related party of Capital Power until April 2, 2015, following the secondary offering and exchange of exchangeable common limited partnership units which decreased EPCOR's interest in the Company to 9.1% (see Significant Events). The City of Edmonton, as the sole shareholder of EPCOR, was also a related party of Capital Power until April 2, 2015.

The following table presents the related party transactions between Capital Power and its related parties for the period from January 1, 2015 to April 2, 2015 compared with the three and six months ended June 30, 2014.

The power sales and purchase of services transactions with EPCOR and the City of Edmonton were in the normal course of operations and were recorded at exchange amounts based on normal commercial rates. CPLP paid distributions to EPCOR for the period from January 1, 2015 to April 2, 2015 and the six months ended June 30, 2014 based on EPCOR's unitholdings during those periods.

(unaudited, $ millions)	**Period from January 1, 2015 to April 2, 2015**	**Three months ended June 30, 2014**	**Six months ended June 30, 2014**
EPCOR (shareholder)			
CPLP distributions paid	6	6	12
Purchase of distribution and transmission services	-	-	2
Purchase of other services	2	2	4
Power sales	5	2	4
Interest incurred on unsecured senior debt payable	5	6	11
Repayment of unsecured senior debt payable	9	8	8
The City of Edmonton (sole shareholder of EPCOR)			
Power sales	-	1	2

As at June 30, 2015, Capital Power's loans and borrowings payable to EPCOR were $325 million (December 31, 2014 - $334 million). The Company's unsecured senior debt payable to EPCOR, at interest rates ranging from 5.80% to 9.00% per annum, matures between 2015 and 2018. Since EPCOR now owns less than 20% of the outstanding limited partnership units of CPLP, EPCOR may, by written notice, require repayment of all or any portion of the outstanding principal amount of this debt and accrued interest thereon. If the principal amount specified in such repayment is less than $200 million, then it and the accrued interest thereon shall be payable on or before 180 days after delivery of notice, and if it is $200 million or more, then it and the accrued interest thereon shall be payable on or before 365 days after delivery of notice.

Trade and other receivables of $3 million and trade and other payables of $13 million at December 31, 2014 due from or due to EPCOR were subsequently settled.

RISKS AND RISK MANAGEMENT

During the second quarter, as a result of the Alberta provincial election, a new Alberta provincial government was formed, which introduced additional uncertainty to the Company's operations. As noted in Significant Events, the Alberta government introduced changes to Alberta regulations governing carbon emissions. The Alberta government also enacted increases to Alberta corporate income tax rates. Capital Power will actively participate in the Alberta government's climate change consultation process and will continue to seek opportunities to contribute to government strategies that impact the Company's operations.

There have been no other material changes in the six months ended June 30, 2015 to the Company's business and operational risks as described in the Company's December 31, 2014 MD&A.

ENVIRONMENTAL MATTERS

The Company's recorded decommissioning provisions were $169 million as at June 30, 2015 ($161 million as at December 31, 2014) for its generation plants and the Genesee coal mine as it is obliged to remove the facilities at the end of their useful lives and restore the plant and mine sites to their original condition. Decommissioning provisions for the coal mine are incurred over time as new areas are mined, and a portion of the liability is settled over time as areas are reclaimed prior to final pit reclamation.

The Company is obligated to purchase environmental credits totaling approximately $30 million in the current and future years and expects to mostly use these credits to comply with applicable environmental regulations.

USE OF JUDGEMENTS AND ESTIMATES

In preparing the consolidated financial statements, management necessarily made estimates in determining transaction amounts and financial statement balances. There have been no significant changes to the Company's use of judgements and estimates as described in the Company's December 31, 2014 MD&A.

ACCOUNTING CHANGES

Effective January 1, 2015

There were no significant changes to accounting standards that were effective January 1, 2015 and that were adopted or applied by the Company.

Future

The IASB issued the following new standards and amendments to existing standards that were not yet effective as of June 30, 2015 and which may significantly impact Capital Power:

Standard	Description	Impact to Capital Power	Effective Date
General hedge accounting (amendments to IFRS 9, IFRS 7, and IAS 39)	Potentially provides that hedge accounting may be applied to more hedge strategies, that some own use contracts may be fair valued, and to remove the bright line assessment of hedge effectiveness.	May be able to apply hedge accounting to more hedge strategies. Capital Power is currently analyzing the requirements to determine how best to apply them, determine system requirements, and develop the required disclosures.	These amendments do not have a mandatory effective date but are available for application under IFRS 9 or IAS 39.
Acquisition of an interest in a joint operation (amendments to IFRS 11)	Provides guidance on how a joint operator accounts for the acquisition of an interest in a joint operation that is a business. It requires a joint operator to account for such an acquisition by applying IRFS 3 Business Combinations and other standards, and disclosing the relevant information specified in those IFRSs for business combinations.	No immediate impact but would affect applicable future transactions.	Effective for annual periods beginning on or after January 1, 2016; early application permitted.
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Provides that a full gain or loss will be recognized on the loss of control of a business (whether it is housed in a subsidiary or not) including cases in which the investor retains joint control of, or significant influence over, the investee.	No immediate impact but would affect applicable future transactions.	Effective for annual periods beginning on or after January 1, 2016; early application permitted.
Revenue from contracts with customers (IFRS 15)	New standard on revenue recognition consisting of a single and comprehensive framework for revenue recognition to ensure consistent treatment for all transactions in all industries and capital markets.	May change the timing of revenue recognized from any contracts with a number of discrete performance obligations (multiple-element arrangements), require separate line disclosure of credit losses, and require more extensive disclosures on an annual and interim basis.	Effective for annual periods beginning on or after January 1, 2017; early application permitted and to be applied retrospectively. Outstanding proposal to defer the effective date by one year.
Financial instruments (IFRS 9)	New standard, replacing IAS 39, which addresses requirements for classification and measurement, impairment, hedge accounting and derecognition of financial assets and liabilities.	May change the measurement of certain financial instruments and the recording of expected credit losses. Capital Power is currently analyzing the requirements to determine how best to apply them, determine system requirements, and develop the required disclosures.	Effective for annual periods beginning on or after January 1, 2018; early application permitted.

FINANCIAL INSTRUMENTS

The classification, carrying amounts and fair values of financial instruments held at June 30, 2015 and December 31, 2014 were as follows:

(unaudited, $ millions)	Classification	Fair value hierarchy level	June 30, 2015 Carrying amount	June 30, 2015 Fair value	December 31, 2014 Carrying amount	December 31, 2014 Fair value
Financial assets:						
Cash and cash equivalents	Loans and receivables	N/A	50	50	71	71
Trade and other receivables	Loans and receivables	N/A	219	219	185	185
Derivative financial instruments assets – current and non-current	Financial assets designated at fair value through income or loss	See below	166	166	187	187
Finance lease receivables	Loans and receivables	Level 2	699	678	708	726
Other financial assets	Loans and receivables	Level 2	13	13	16	17
Financial liabilities:						
Trade and other payables	Other financial liabilities	N/A	222	222	185	185
Derivative financial instruments liabilities – current and non-current	Financial liabilities designated at fair value through income or loss	See below	101	101	74	74
Loans and borrowings (including current portion)	Other financial liabilities	Level 2	1,639	1,727	1,586	1,670

Risk management and hedging activities

There have been no material changes in the six months ended June 30, 2015 to the Company's risk management and hedging activities as described in the Company's December 31, 2014 MD&A.

The derivative financial instruments assets and liabilities held at June 30, 2015 compared with December 31, 2014 and used for risk management purposes were measured at fair value and consisted of the following:

(unaudited, $ millions)	Fair value hierarchy level	As at June 30, 2015 Commodity cash flow hedges	Commodity non-hedges	Foreign exchange hedges	Interest rate non-hedges	Total
Derivative financial instruments assets	Level 1	-	-	-	-	-
	Level 2	32	93	37	4	166
	Level 3	-	-	-	-	-
		32	93	37	4	166
Derivative financial instruments liabilities	Level 1	-	-	-	-	-
	Level 2	(25)	(69)	-	(7)	(101)
	Level 3	-	-	-	-	-
		(25)	(69)	-	(7)	(101)
Net derivative financial instruments assets (liabilities)		**7**	**24**	**37**	**(3)**	**65**

(unaudited, $ millions)	Fair value hierarchy level	As at December 31, 2014 Commodity cash flow hedges	Commodity non-hedges	Foreign exchange hedges	Interest rate non-hedges	Total
Derivative financial instruments assets	Level 1	-	-	-	-	-
	Level 2	53	109	21	4	187
	Level 3	-	-	-	-	-
		53	109	21	4	187
Derivative financial instruments liabilities	Level 1	-	-	-	-	-
	Level 2	(3)	(66)	-	(5)	(74)
	Level 3	-	-	-	-	-
		(3)	(66)	-	(5)	(74)
Net derivative financial instruments assets (liabilities)		**50**	**43**	**21**	**(1)**	**113**

Commodity and foreign exchange derivatives designated as accounting hedges

Unrealized gains and losses for fair value changes on commodity and foreign exchange derivatives that qualify for hedge accounting are recorded in other comprehensive income and, when realized, are reclassified to net income as revenues, energy purchases and fuel or foreign exchange gains and losses.

Commodity and interest rate derivatives not designated as accounting hedges

The change in fair values of commodity derivatives not designated as hedges is primarily due to changes in forward Alberta power prices and their impact on the Alberta power portfolio. Unrealized and realized gains and losses for fair value changes on commodity derivatives that do not qualify for hedge accounting are recorded in net income as revenues or energy purchases and fuel.

Unrealized and realized losses on interest rate derivatives that are not designated as hedges for accounting purposes are recorded in net income as finance expense.

Fair value measurement

Fair values for Level 1 financial assets and liabilities are based on unadjusted quoted prices in active markets for identical instruments while fair values for Level 2 financial assets and liabilities are generally based on indirectly observable prices. The determination of fair values for Level 3 financial assets and liabilities is performed by the Company's commodity risk group and reviewed by management. These fair values are partly based on the key unobservable inputs of volatilities and correlations of the relative price changes in underlying prices. These volatilities and correlations are estimated using an exponentially-weighted moving average based on historical forward prices. When required, sensitivity analysis for significant Level 3 financial instruments is performed.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no significant changes in the Company's disclosure controls and procedures and internal controls over financial reporting that occurred during the six months ended June 30, 2015 that have materially affected or are reasonably likely to materially affect the Company's disclosures of required information and internal control over financial reporting.

SUMMARY OF QUARTERLY RESULTS

(GWh)	Three months ended							
Electricity generation	**Jun 30 2015**	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**	**Mar 31 2014**	**Dec 31 2013**	**Sep 30 2013**
Total generation excluding Sundance PPA	3,553	3,398	3,204	3,220	2,711	3,241	3,925	4,317
Alberta commercial plants and Sundance PPA								
Genesee 3	491	493	369	473	438	466	463	480
Keephills 3	436	457	433	461	381	399	418	483
Clover Bar Energy Centre 1, 2 and 3	98	70	45	77	66	108	60	45
Joffre	76	86	58	77	71	118	95	109
Shepard Energy Centre	443	60	N/A	N/A	N/A	N/A	N/A	N/A
Halkirk	107	136	146	86	92	138	137	76
Clover Bar Landfill Gas	3	2	3	3	5	3	5	4
Alberta commercial plants – owned	1,654	1,304	1,054	1,177	1,053	1,232	1,178	1,197
Sundance PPA	565	691	819	673	521	750	710	659
	2,219	1,995	1,873	1,850	1,574	1,982	1,888	1,856
Alberta contracted plants								
Genesee 1	608	815	857	854	771	678	842	819
Genesee 2	838	836	856	841	546	832	802	840
	1,446	1,651	1,713	1,695	1,317	1,510	1,644	1,659
Ontario and British Columbia contracted plants								
Island Generation	37	-	9	6	-	115	210	14
K2 Wind	19	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kingsbridge 1	21	31	35	14	22	34	37	12
Port Dover and Nanticoke	69	91	91	51	66	93	54	N/A
Quality Wind	82	108	101	71	80	97	113	68
	228	230	236	142	168	339	414	94
U.S. contracted plants								
Macho Springs, New Mexico	37	25	5	N/A	N/A	N/A	N/A	N/A
Roxboro, North Carolina	70	59	74	73	58	39	70	69
Southport, North Carolina	118	129	122	133	115	121	128	117
	225	213	201	206	173	160	198	186
U.S. commercial plants								
Bridgeport, Connecticut	N/A	N/A	N/A	N/A	N/A	N/A	326	690
Rumford, Maine	N/A	N/A	N/A	N/A	N/A	N/A	10	57
Tiverton, Rhode Island	N/A	N/A	N/A	N/A	N/A	N/A	155	434
	N/A	N/A	N/A	N/A	N/A	N/A	491	1,181

(%)	Three months ended							
Plant availability	**Jun 30 2015**	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**	**Mar 31 2014**	**Dec 31 2013**	**Sep 30 2013**
Total average plant availability excluding Sundance PPA	90	98	94	97	92	94	93	97
Alberta commercial plants and Sundance PPA								
Genesee 3	100	100	74	97	96	96	98	100
Keephills 3	97	100	92	100	100	100	99	100
Clover Bar Energy Centre 1, 2 and 3	95	97	90	97	98	97	91	93
Joffre	87	99	82	95	95	100	85	95
Shepard Energy Centre	73	80	N/A	N/A	N/A	N/A	N/A	N/A
Halkirk	98	99	98	91	98	96	99	89
Clover Bar Landfill Gas	93	100	87	58	83	75	98	66
Alberta commercial plants – owned	89	97	87	96	97	98	94	96
Sundance PPA	79	92	96	85	67	89	89	83
	86	95	91	91	84	94	92	90
Alberta contracted plants								
Genesee 1	72	98	100	100	96	83	100	98
Genesee 2	100	100	100	99	66	93	95	100
	86	99	100	99	81	88	98	99
Ontario and British Columbia contracted plants								
Island Generation	100	100	100	99	100	100	99	100
K2 Wind	98	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kingsbridge 1	95	97	96	93	97	95	94	95
Port Dover and Nanticoke	97	99	97	98	94	98	95	N/A
Quality Wind	97	98	98	93	99	95	98	100
	98	99	98	97	98	98	98	99
U.S. contracted plants								
Macho Springs, New Mexico	99	99	99	N/A	N/A	N/A	N/A	N/A
Roxboro, North Carolina	87	97	100	100	96	90	98	97
Southport, North Carolina	88	89	88	85	93	99	91	99
	91	94	92	90	94	96	93	98
U.S. commercial plants								
Bridgeport, Connecticut	N/A	N/A	N/A	N/A	N/A	N/A	72	93
Rumford, Maine	N/A	N/A	N/A	N/A	N/A	N/A	91	100
Tiverton, Rhode Island	N/A	N/A	N/A	N/A	N/A	N/A	83	96
	N/A	N/A	N/A	N/A	N/A	N/A	79	95

Financial results

(unaudited, $ millions)	Three months ended							
	Jun 30 2015	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**	**Mar 31 2014**	**Dec 31 2013**	**Sep 30 2013**
Revenues								
Alberta commercial plants, Sundance PPA and portfolio optimization	130	216	200	119	133	188	173	202
Alberta contracted plants	67	66	69	76	58	63	70	80
Ontario and British Columbia contracted plants	25	36	36	21	25	37	33	16
U.S. contracted plants	28	27	22	22	22	17	19	20
U.S. commercial plants and portfolio optimization	-	-	-	-	-	-	23	63
Corporate [1]	4	1	(20)	2	15	2	(9)	(4)
Unrealized changes in fair value of commodity derivatives and emission credits	(171)	12	125	8	(13)	1	18	3
	83	**358**	**432**	**248**	**240**	**308**	**327**	**380**
Adjusted EBITDA								
Alberta commercial plants, Sundance PPA and portfolio optimization	49	63	60	49	43	59	57	104
Alberta contracted plants	45	42	41	44	34	42	53	55
Ontario and British Columbia contracted plants	19	30	29	15	18	30	26	9
U.S. contracted plant	6	5	1	3	3	-	1	2
U.S. commercial plants and portfolio optimization	-	-	-	-	-	-	(1)	11
Corporate	(27)	(24)	(27)	(25)	(7)	(25)	(34)	(31)
Unrealized changes in fair value of commodity derivatives and emission credits	(47)	31	37	5	(13)	7	17	1
	45	**147**	**141**	**91**	**78**	**113**	**119**	**151**

[1] Revenues are offset by interplant category revenue eliminations.

Quarterly revenues, net income and cash flows from operating activities are affected by seasonal weather conditions, fluctuations in U.S. dollar exchange rates relative to the Canadian dollar, power and natural gas prices, and planned and unplanned plant outages and items outside the normal course of operations. Net income is also affected by changes in the fair value of the Company’s power, natural gas, foreign exchange and interest rate derivative contracts.

Financial highlights

(unaudited, $ millions except per share amounts)	Three months ended							
	Jun 30 2015	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**	**Mar 31 2014**	**Dec 31 2013**	**Sep 30 2013**
Revenues	83	358	432	248	240	308	327	380
Adjusted EBITDA [1]	45	147	141	91	78	113	119	151
Net (loss) income	(48)	50	48	(57)	21	38	98	59
Net (loss) income attributable to shareholders of the Company	(34)	40	39	(45)	20	32	77	44
Basic (loss) earnings per share ($)	(0.39)	0.41	0.40	(0.62)	0.17	0.33	0.89	0.55
Normalized earnings per share ($) [1]	0.10	0.32	0.20	0.12	0.07	0.32	0.40	0.72

[1] The consolidated financial highlights, except for adjusted EBITDA and normalized earnings per share, were prepared in accordance with GAAP. See Non-GAAP Financial Measures.

	Three months ended							
Spot price averages	**Jun 30 2015**	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**	**Mar 31 2014**	**Dec 31 2013**	**Sep 30 2013**
Alberta power ($ per MWh)	57	29	30	64	42	61	49	84
Alberta natural gas (AECO) ($ per Gj)	2.52	2.63	3.43	3.81	4.46	5.45	3.33	2.32
Capital Power's Alberta portfolio average realized power price ($ per MWh)	46	59	58	56	57	58	64	85

Factors impacting results for the previous quarters

Significant events and items which affected results for the previous quarters were as follows:

The results for the quarter ended March 31, 2015 reflected the impact of low Alberta power pricing averaging $29 per MWh. Alberta commercial plant results reflected the commencement of operations at the Shepard Energy Centre. Portfolio optimization results were strong since the Company was fully hedged at an average realized price of $59 per MWh. The Alberta electricity portfolio accounted for unrealized net gains of $21 million due to decreasing Alberta forward prices combined with the portfolio's net forward sales contracts.

The results for the quarter ended December 31, 2014 reflected the Genesee 3 major planned outage and the impact of low Alberta power pricing averaging $30 per MWh. Portfolio optimization revenues were strong since the Company hedged a greater portion of its baseload generation by entering into more contracts. Captured prices realized through portfolio optimization were greater than spot prices during the fourth quarter of 2014. Alberta commercial plant results included an $8 million recovery on settlement of a claim with a turbine supplier relating to a component failure at Genesee 3 in 2008. Adjusted EBITDA for the Alberta contracted plants was negatively impacted by costs associated with the wind-up of the Genesee coal mine's defined benefit pension plan. Significant events during the quarter were the acquisition of renewable development sites and the receipt of all major regulatory approvals for Genesee 4 and 5.

Financial results for third quarter 2014 reflected the impact of an extended planned outage and other unplanned outages at the Sundance PPA units and derates at the Keephills 3 plant. The outages occurred primarily in July 2014 coinciding with a period of pricing volatility with Alberta spot power prices in July averaging $122 per MWh compared with $45 per MWh in August 2014 and $24 per MWh in September 2014. With commercial production 100% sold forward in July 2014, the resulting short position was covered at the higher prices. Capital Power's third quarter 2014 net income was also negatively impacted by a non-cash write-down of deferred tax assets of $73 million. The write-down related to the accounting impact of U.S. income tax loss carryforwards that could no longer be recognized for accounting purposes based on the Company's long-term forecast for U.S. taxable income.

In the second quarter of 2014, the results for the Alberta commercial plants reflected seasonally low Alberta power prices, lower generation from the Sundance PPA units, and lower generation at Genesee 3 caused by transmission constraints. However, the results for the Alberta contracted plants were positively impacted by lower rolling average pool prices which caused lower availability penalties on outages in the second quarter of 2014 compared with the same quarter in 2013. Capital Power recorded revenues of $20 million arising from the amendment of the Genesee Coal Mine Agreements. The Company announced a 7.9% increase in the annual dividend for holders of its common shares commencing with the third quarter 2014 quarterly dividend payment.

The 2014 first quarter included the first full quarter of operations and results for Capital Power's Port Dover and Nanticoke wind facility. The Alberta commercial plants' results were impacted by lower pricing experienced in this quarter compared with first quarter 2013. The impact of lower pricing on the significantly hedged portfolio also reduced portfolio optimization results. Additionally, the Company experienced higher costs of emissions compliance. The Genesee 1 unit within the Alberta contracted plants category experienced a 10-day unplanned outage which dampened results. Depreciation and amortization expense was reduced from prior quarters due to the disposal of the North East U.S. assets.

During the quarter ended December 31, 2013, commercial operation of the Port Dover and Nanticoke wind facility commenced while the sale of the North East U.S. assets was completed resulting in a net capacity decrease of 984 MW. The Company recognized a pre-tax gain of $76 million on the sale of the North East U.S. assets. The results for this quarter also included significant unrealized net gains related to the fair value of commodity derivatives and the impact of improved operating results for the Alberta commercial plants and the Ontario and British Columbia contracted plants.

Results of operations for the third quarter of 2013 were influenced by the Alberta spot power average price of $84 per MWh and unplanned plant maintenance outages in the Alberta market. In particular, the high Alberta power prices favourably impacted the Alberta contracted plants' results. The Company announced its agreement with Emera Inc. to sell its North East U.S. plants. This decision to exit North East U.S. market was accompanied by the Company's decision to refocus its merchant power business in Alberta. As a result, the Company recognized a pre-tax impairment loss of $6 million and incurred pre-tax restructuring costs of $9 million in the third quarter of 2013. The purchase of the second tranche of the Company's interest in Shepard Energy Centre was completed during the quarter.

SHARE AND PARTNERSHIP UNIT INFORMATION

Quarterly common share trading information

The Company's common shares are listed on the Toronto Stock Exchange under the symbol CPX and began trading on June 26, 2009.

	Three months ended							
	Jun 30 2015	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**	**Mar 31 2014**	**Dec 31 2013**	**Sep 30 2013**
Share price ($/common share)								
High	25.58	27.12	28.14	28.71	26.49	25.81	21.95	22.22
Low	21.53	23.77	24.50	25.75	24.07	20.51	20.30	19.80
Close	21.54	24.51	26.00	26.75	26.37	25.72	21.30	21.26
Volume of shares traded (millions)	18.8	21.1	13.9	12.5	13.9	18.2	16.6	8.8

Outstanding share and partnership unit data

As at July 21, 2015, the Company had 101.357 million common shares outstanding, 5 million Cumulative Rate Reset Preference Shares, Series 1 outstanding, 6 million Cumulative Rate Reset Preference Shares, Series 3, 8 million Cumulative Rate Reset Preference Shares, Series 5, and one special limited voting share outstanding. Assuming full conversion of the outstanding and issuable share purchase options to common shares and ignoring exercise prices, the outstanding and issuable common shares as at July 21, 2015 were 105.539 million. The outstanding special limited voting share is held by EPCOR.

As at July 21, 2015, CPLP had 21.750 million general partnership units outstanding and 80.953 million common limited partnership units outstanding. All of the outstanding general partnership units and the outstanding common limited partnership units are held by the Company.

ADDITIONAL INFORMATION

Additional information relating to Capital Power Corporation, including the Company's annual information form and other continuous disclosure documents, is available on SEDAR at www.sedar.com.

Condensed Interim Consolidated Financial Statements of

CAPITAL POWER CORPORATION

(Unaudited, in millions of Canadian dollars)
Six months ended June 30, 2015 and 2014

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Financial Statements
Six months ended June 30, 2015 and 2014

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CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of (Loss) Income
(Unaudited, in millions of Canadian dollars, except per share amounts)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Revenues	$ 83	$ 240	$ 441	$ 548
Energy purchases and fuel (note 6)	42	(80)	(100)	(206)
Gross margin	125	160	341	342
Other raw materials and operating charges	(29)	(27)	(47)	(46)
Staff costs and employee benefits expense	(30)	(31)	(62)	(63)
Depreciation and amortization	(55)	(47)	(106)	(93)
Other administrative expense	(21)	(24)	(40)	(42)
Foreign exchange gain (loss)	1	3	(7)	(1)
Operating (loss) income	(9)	34	79	97
Finance expense	(23)	(11)	(41)	(24)
Income (loss) before tax	(32)	23	38	73
Income tax expense (note 4)	(16)	(2)	(36)	(14)
Net (loss) income	$ (48)	$ 21	$ 2	$ 59
Attributable to:				
Non-controlling interests	$ (14)	$ 1	$ (4)	$ 7
Shareholders of the Company	$ (34)	$ 20	$ 6	$ 52
Earnings (loss) per share (attributable to common shareholders of the Company):				
Basic (note 5)	$ (0.39)	$ 0.17	$ (0.06)	$ 0.50
Diluted (note 5)	$ (0.39)	$ 0.17	$ (0.06)	$ 0.50

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Comprehensive (Loss) Income
(Unaudited, in millions of Canadian dollars)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Net (loss) income	$ (48)	$ 21	$ 2	$ 59
Other comprehensive (loss) income:				
Items that are or may be reclassified subsequently to net (loss) income:				
Cash flow hedges:				
Unrealized (losses) gains on derivative instruments[1]	(94)	1	(38)	(9)
Unrealized gains (losses) on derivative instruments – joint venture[2]	5	(4)	(3)	(7)
Reclassification of losses (gains) on derivative instruments to income for the period[3]	7	(10)	(14)	(5)
Net investment in foreign subsidiaries:				
Unrealized (loss) gain[4]	(2)	(7)	14	1
Total items that are or may be reclassified subsequently to net (loss) income, net of tax	(84)	(20)	(41)	(20)
Total other comprehensive loss, net of tax	(84)	(20)	(41)	(20)
Total comprehensive (loss) income	$ (132)	$ 1	$ (39)	$ 39
Attributable to:				
Non-controlling interests	$ (25)	$ (4)	$ (6)	$ 2
Shareholders of the Company	$ (107)	$ 5	$ (33)	$ 37

[1] For the three and six months ended June 30, 2015, net of income tax recovery of $27 and $12 respectively. For the three and six months ended June 30, 2014, net of income tax recovery of nil and $2 respectively.

[2] For the three and six months ended June 30, 2015, net of income tax expense of $2 and income tax recovery of $1 respectively. For the three and six months ended June 30, 2014, net of income tax recovery of $1 and $2 respectively.

[3] For the three and six months ended June 30, 2015, net of reclassification of income tax expense of nil and $6 respectively. For the three and six months ended June 30, 2014, net of reclassification of income tax expense of $3 and $2 respectively.

[4] For the three and six months ended June 30, 2015, net of income tax expense of nil. For the three and six months ended June 30, 2014, net of income tax expense of nil.

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Financial Position
(Unaudited, in millions of Canadian dollars)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 50	$ 71
Trade and other receivables	219	185
Inventories	121	104
Derivative financial instruments assets (note 6)	123	132
	513	492
Non-current assets:		
Other assets	26	28
Derivative financial instruments assets (note 6)	43	55
Finance lease receivables	699	708
Other financial assets	15	18
Deferred tax assets	23	21
Equity-accounted investment	18	22
Intangible assets	344	350
Property, plant and equipment	3,710	3,701
Goodwill	27	25
Total assets	$ 5,418	$ 5,420
Liabilities and equity		
Current liabilities:		
Trade and other payables	$ 222	$ 185
Derivative financial instruments liabilities (note 6)	80	64
Loans and borrowings	568	599
Deferred revenue and other liabilities	5	5
Provisions	17	22
	892	875
Non-current liabilities:		
Derivative financial instruments liabilities (note 6)	21	10
Loans and borrowings	1,071	987
Deferred revenue and other liabilities	94	98
Deferred tax liabilities	324	249
Provisions	204	198
	1,714	1,542
Equity:		
Equity attributable to shareholders of the Company		
Share capital (note 7)	2,826	2,391
Retained earnings (deficit)	(72)	25
Other reserves	(11)	35
Retained earnings (deficit) and other reserves	(83)	60
	2,743	2,451
Non-controlling interests (note 7)	69	552
Total equity	2,812	3,003
Total liabilities and equity	$ 5,418	$ 5,420

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited, in millions of Canadian dollars)

	Share capital	Cash flow hedges[1]	Cumulative translation account[1]	Defined benefit plan actuarial losses[1]	Employee benefits reserve	Retained earnings (deficit)	Equity attributable to shareholders of the Company	Non-controlling interests	Total
Equity as at January 1, 2015	$ 2,391	$ 40	$ (1)	$ (13)	$ 9	$ 25	$ 2,451	$ 552	$ 3,003
Net income (loss)	-	-	-	-	-	6	6	(4)	2
Other comprehensive (loss) income :									
Cash flow derivative hedge losses	-	(50)	-	-	-	-	(50)	-	(50)
Cash flow derivative hedge losses – joint venture	-	(4)	-	-	-	-	(4)	-	(4)
Reclassification of gains to income	-	(20)	-	-	-	-	(20)	-	(20)
Unrealized gain on foreign currency translation	-	-	14	-	-	-	14	-	14
Tax on items recognized directly in equity	-	19	-	-	-	-	19	-	19
Attributed to non-controlling interests	-	2	-	-	-	-	2	(2)	-
Other comprehensive (loss) income	$ -	$ (53)	$ 14	$ -	$ -	$ -	$ (39)	$ (2)	$ (41)
Total comprehensive (loss) income	-	(53)	14	-	-	6	(33)	(6)	(39)
Issue of share capital (note 7)	449	-	-	-	-	-	449	-	449
Distributions to non-controlling interests	-	-	-	-	-	-	-	(6)	(6)
Net additional investment by non-controlling interests	-	-	-	-	-	-	-	2	2
Change in non-controlling interests ownership (note 7)	-	(5)	-	-	-	28	23	(473)	(450)
Tax on change in non-controlling interests ownership	-	(3)	-	-	-	(56)	(59)	-	(59)
Common share dividends (note 7)	-	-	-	-	-	(63)	(63)	-	(63)
Preferred share dividends (note 7)	-	-	-	-	-	(11)	(11)	-	(11)
Tax on preferred share dividends	-	-	-	-	-	(1)	(1)	-	(1)
Dividends reinvested (note 7)	22	-	-	-	-	-	22	-	22
Common shares buyback (note 7)	(38)	-	-	-	-	-	(38)	-	(38)
Share-based payment	-	-	-	-	1	-	1	-	1
Share options exercised (note 7)	2	-	-	-	-	-	2	-	2
Equity as at June 30, 2015	$ 2,826	$ (21)	$ 13	$ (13)	$ 10	$ (72)	$ 2,743	$ 69	$ 2,812

[1] Accumulated other comprehensive (loss) income. Other reserves on the statements of financial position are the aggregate of accumulated other comprehensive (loss) income and the employee benefits reserve.

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited, in millions of Canadian dollars)

	Share capital	Cash flow hedges[1]	Cumulative translation account[1]	Defined benefit plan actuarial losses[1]	Employee benefits reserve	Retained earnings	Equity attributable to shareholders of the Company	Non-controlling interests	Total
Equity as at January 1, 2014	$ 2,328	$ 21	$ (14)	$ (11)	$ 10	$ 83	$ 2,417	$ 587	$ 3,004
Net income	-	-	-	-	-	52	52	7	59
Other comprehensive (loss) income :									
Cash flow derivative hedge losses	-	(11)	-	-	-	-	(11)	-	(11)
Cash flow derivative hedge losses – joint venture	-	(9)	-	-	-	-	(9)	-	(9)
Reclassification of gains to income	-	(7)	-	-	-	-	(7)	-	(7)
Unrealized gain on foreign currency translation	-	-	1	-	-	-	1	-	1
Tax on items recognized directly in equity	-	6	-	-	-	-	6	-	6
Attributed to non-controlling interests	-	5	-	-	-	-	5	(5)	-
Other comprehensive (loss) income	$ -	$ (16)	$ 1	$ -	$ -	$ -	$ (15)	$ (5)	$ (20)
Total comprehensive (loss) income	-	(16)	1	-	-	52	37	2	39
Distributions to non-controlling interests	-	-	-	-	-	-	-	(12)	(12)
Net additional investment by non-controlling interests	-	-	-	-	-	-	-	1	1
Common share dividends (note 7)	-	-	-	-	-	(52)	(52)	-	(52)
Preferred share dividends (note 7)	-	-	-	-	-	(11)	(11)	-	(11)
Dividends reinvested (note 7)	18	-	-	-	-	-	18	-	18
Share options exercised	18	-	-	-	(1)	-	17	-	17
Equity as at June 30, 2014	$ 2,364	$ 5	$ (13)	$ (11)	$ 9	$ 72	$ 2,426	$ 578	$ 3,004

[1] Accumulated other comprehensive income (loss). Other reserves on the statements of financial position are the aggregate of accumulated other comprehensive income (loss) and the employee benefits reserve.

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, in millions of Canadian dollars)

	Six months ended June 30, 2015	2014
Cash flows from operating activities:		
Net income	$ 2	$ 59
Non-cash adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	106	93
Finance expense	41	24
Fair value changes on commodity derivative instruments and emission credits held for trading	16	5
Unrealized foreign exchange loss	7	1
Income tax expense	36	14
Other items	(28)	(2)
Finance lease receivable collected	10	7
Interest paid[1]	(34)	(24)
Income taxes paid[2]	(1)	(1)
Change in non-cash operating working capital	(34)	6
Net cash flows from operating activities	121	182
Cash flows used in investing activities:		
Purchase of property, plant and equipment and other assets	(87)	(138)
Other cash flows from investing activities	10	16
Change in non-cash investing working capital	21	(3)
Net cash flows used in investing activities	(56)	(125)
Cash flows used in financing activities:		
Proceeds from issue of loans and borrowings	75	7
Repayment of loans and borrowings	(56)	(10)
Proceeds from exercise of share options	1	17
Common shares buyback (note 7)	(38)	-
Distributions paid to non-controlling interests	(12)	(12)
Common share dividends paid (note 7)	(35)	(33)
Preferred share dividends paid (note 7)	(11)	(11)
Interest paid[1]	(8)	(19)
Income taxes paid[2]	(5)	(9)
Net cash flows used in financing activities	(89)	(70)
Foreign exchange gains on cash held in a foreign currency	3	-
Net decrease in cash and cash equivalents	(21)	(13)
Cash and cash equivalents at beginning of period	71	100
Cash and cash equivalents at end of period	$ 50	$ 87

[1] Total interest paid.

[2] Total income taxes paid.

See accompanying notes to the condensed interim consolidated financial statements

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

1. Reporting entity:

Capital Power Corporation (the Company or Capital Power) builds, owns and operates power plants and manages its related electricity and natural gas portfolios by undertaking trading and marketing activities.

The registered and head office of the Company is located at 10423 101 Street, Edmonton, Alberta, Canada, T5H 0E9. The common shares of the Company are traded on the Toronto Stock Exchange under the symbol “CPX”.

Interim results will fluctuate due to plant maintenance schedules, the seasonal demands for electricity and changes in energy prices. Consequently, interim results are not necessarily indicative of annual results.

2. Basis of presentation:

These condensed interim consolidated financial statements have been prepared by management in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s 2014 annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

These condensed interim consolidated financial statements have been prepared following the same accounting policies and methods as those used in preparing the most recent consolidated financial statements for the year ended December 31, 2014, and have been prepared under the historical cost basis, except for the Company’s derivative instruments, emission credits held for trading, defined benefit pension assets and cash-settled share based payments, which are stated at fair value.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on July 24, 2015.

3. Purchase price allocation update:

On December 19, 2014, the Company acquired 100% of the equity interest in Element Power U.S., LLC. Due to the timing of the transaction’s close date, information required to finalize the purchase price allocation was outstanding as at December 31, 2014. The preliminary allocation of the purchase price to the acquired assets and assumed liabilities was based on their estimated fair values at the time of acquisition. As at June 30, 2015, the Company has not yet finalized the purchase price allocation.

4. Income tax:

Income tax differs from the amount that would be computed by applying the federal and provincial income tax rates as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Income (loss) before tax	$ (32)	$ 23	$ 38	$ 73
Income tax at the statutory rates of 26.0% (2014 – 25.0%)	(8)	5	10	18
Increase (decrease) resulting from:				
Amounts attributable to non-controlling interests	4	-	2	(1)
Change in unrecognized tax benefits	1	(1)	4	-
Non-taxable amounts	-	(1)	-	(1)
Statutory and other rate differences	17	(1)	18	(2)
Other	2	-	2	-
Income tax expense	$ 16	$ 2	$ 36	$ 14

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

5. Earnings (loss) per share:

Basic earnings (loss) per share

The (loss) earnings and weighted average number of common shares used in the calculation of basic (loss) earnings per share are as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Income (loss) for the period attributable to shareholders of the Company	$ (34)	$ 20	$ 6	$ 52
Preferred share dividends of the Company [1]	(6)	(6)	(12)	(11)
Earnings (loss) used in the calculation of basic (loss) earnings per share	$ (40)	$ 14	$ (6)	$ 41

[1] Includes preferred share dividends and related taxes in respect of the three and six months ended June 30, 2015 and 2014 respectively.

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Weighted average number of common shares used in the calculation of basic (loss) earnings per share	102,049,876	81,941,741	92,946,100	81,560,517

Diluted (loss) earnings per share

The (loss) earnings used in the calculation of diluted earnings per share are as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Earnings (loss) used in the calculation of basic (loss) earnings per share	$ (40)	$ 14	$ (6)	$ 41
Effect of exchangeable limited partnership units issued to EPCOR for common shares [2]	-	-	-	-
Earnings (loss) used in the calculation of diluted earnings per share	$ (40)	$ 14	$ (6)	$ 41

[2] The exchangeable limited partnership units issued to EPCOR Utilities Inc. (EPCOR) may be exchanged for common shares of Capital Power on a one-for-one basis. On April 2, 2015, EPCOR exchanged all of its outstanding exchangeable limited partnership units for common shares of Capital Power and therefore the unit exchange was included in the calculation of the Company's basic earnings (loss) per share for the three months ended June 30, 2015. For the six months ended June 30, 2015, the potential exchange of such units was not included in the calculation as it was anti-dilutive during the first quarter of 2015. For the three and six months ended June 30, 2014, the potential exchange of such units for common shares of the Company was not included in the calculation of diluted earnings per share as it was anti-dilutive.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

5. Earnings (loss) per share, continued:

The weighted average number of common shares for the purposes of diluted (loss) earnings per share reconciles to the weighted average number of common shares used in the calculation of basic (loss) earnings per share as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Weighted average number of common shares used in the calculation of basic (loss) earnings per share	102,049,876	81,941,741	92,946,100	81,560,517
Effect of dilutive share purchase options[1]	-	257,858	-	122,064
Weighted average number of common shares used in the calculation of diluted (loss) earnings per share	102,049,876	82,199,599	92,946,100	81,682,581

[1] For the three and six months ended June 30, 2015, the average market price of the Company's common shares exceeded the exercise price of certain granted share purchase options, but since the assumed exercise of the stock options decreased the basic loss per share, the options did not have a dilutive effect. For the three and six months ended June 30, 2014, the average market price of the Company's common shares exceeded the exercise price of certain granted share purchase options, but had a neutral effect on earnings per share.

6. Derivative financial instruments and hedge accounting:

Derivative financial and non-financial instruments are held for the purpose of energy purchases, merchant trading or financial risk management.

The derivative instruments assets and liabilities used for risk management purposes consist of the following:

	June 30, 2015				
	Energy and emission allowances		Foreign exchange	Interest rate	
	cash flow hedges	non-hedges	cash flow hedges	non-hedges	Total
Derivative instruments assets:					
Current	$ 20	$ 62	$ 37	$ 4	$ 123
Non-current	12	31	-	-	43
Derivative instruments liabilities:					
Current	(16)	(57)	-	(7)	(80)
Non-current	(9)	(12)	-	-	(21)
Net fair value	$ 7	$ 24	$ 37	$ (3)	$ 65
Net notional buys (sells) (millions):					
Megawatt hours of electricity	(9)	(4)			
Gigajoules of natural gas		(3)			
Metric tons of emission allowances		(2)			
Megawatt hours of renewable energy credits		(2)			
Cross currency swaps and interest rate swaps (U.S. dollars)			$ 195	$ 100	
Interest rate swaps (Canadian dollars)				$ 100	
Range of remaining contract terms in years	0.1 to 3.5	0.1 to 5.8	6.0 to 11.0	6.0 to 10.4	

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

6. Derivative financial instruments and hedge accounting, continued:

	December 31, 2014				
	Energy and emission allowances		Foreign exchange	Interest rate	
	cash flow hedges	non-hedges	cash flow hedges	non-hedges	Total
Derivative instruments assets:					
Current	$ 27	$ 80	$ 21	$ 4	$ 132
Non-current	26	29	-	-	55
Derivative instruments liabilities:					
Current	(1)	(58)	-	(5)	(64)
Non-current	(2)	(8)	-	-	(10)
Net fair value	$ 50	$ 43	$ 21	$ (1)	$ 113
Net notional buys (sells) (millions):					
Megawatt hours of electricity	(8)	(6)			
Gigajoules of natural gas		5			
Metric tons of emission allowances		(2)			
Megawatt hours of renewable energy credits		(2)			
Cross currency swaps and interest rate swaps (U.S. dollars)			$ 195	$ 100	
Interest rate swaps (Canadian dollars)				$ 100	
Range of remaining contract terms in years	0.1 to 4.0	0.1 to 6.3	6.5 to 11.5	6.5 to 10.9	

Fair values of derivative instruments are determined, using valuation techniques, inputs, and assumptions as described in the Company's 2014 annual consolidated financial statements. It is possible that the assumptions used in establishing fair value amounts will differ from future outcomes and the impact of such variations could be material.

Unrealized and realized pre-tax gains and losses on derivative instruments recognized in other comprehensive income and net income were:

	Three months ended June 30, 2015		Three months ended June 30, 2014	
	Unrealized losses	Realized (losses) gains	Unrealized losses	Realized gains
Energy cash flow hedges	$ (110)	$ (8)	$ (12)	$ 13
Energy and emission allowances non-hedges	(46)	(8)	(8)	5
Foreign exchange cash flow hedges[1]	(3)	-	-	-
Interest rate non-hedges	-	1	(1)	2

[1] For the three months ended June 30, 2015, unrealized losses of $4 million (three months ended June 30, 2014 – unrealized losses of $7 million) related to foreign exchange cash flow hedges were reclassified from other comprehensive (loss) income to net (loss) income to offset the impact to unrealized foreign exchange gains from the revaluation of U.S. dollar denominated loans and borrowings.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

6. Derivative financial instruments and hedge accounting, continued:

	Six months ended June 30, 2015		Six months ended June 30, 2014	
	Unrealized losses	Realized gains	Unrealized (losses) gains	Realized gains
Energy cash flow hedges	$ (69)	$ 20	$ (18)	$ 7
Energy and emission allowances non-hedges	(15)	15	(6)	14
Foreign exchange cash flow hedges[1]	(1)	-	-	-
Interest rate non-hedges	(2)	1	1	2

[1] For the six months ended June 30, 2015, unrealized gains of $17 million (six months ended June 30, 2014 – unrealized gains of $1 million) related to foreign exchange cash flow hedges were reclassified from other comprehensive (loss) income to net (loss) income to offset the impact to unrealized foreign exchange losses from the revaluation of U.S. dollar denominated loans and borrowings.

Realized and unrealized gains and losses relate only to financial derivative instruments. The following gains and losses are included in the Company's statements of (loss) income for the three and six months ended June 30, 2015 and 2014:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenues	$ (181)	$ 27	$ (34)	$ 80
Energy purchases and fuel[2]	119	(17)	54	(65)
Foreign exchange (loss) gain	(4)	(7)	17	1
Finance expense	1	1	(1)	3

[2] For the three and six months ended June 30, 2015, energy purchases and fuel includes unrealized gains of $124 million and $143 million, respectively (three and six months ended June 30, 2014 – unrealized gains of $1 million and $7 million, respectively).

The Company has elected to apply hedge accounting on certain derivatives it uses to manage commodity price risk relating to electricity prices and currency risk relating to U.S. dollar denominated loans and borrowings. For the three and six months ended June 30, 2015, the changes in the fair value of the ineffective portion of hedging derivatives required to be recognized in the statement of income was nil (three and six months ended June 30, 2014 – nil).

Net after tax gains and losses related to derivative instruments designated as cash flow hedges are expected to settle and be reclassified to net income in the following periods:

	June 30, 2015
Within one year	$ (2)
Between 1 – 5 years	-
After more than 5 years	-
	$ (2)

The Company's cash flow hedges extend to 2018 for energy cash flow hedges and to 2026 for foreign exchange cash flow hedges.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

7. Share capital:

	Common shares		Preference shares		Special voting shares	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
As at January 1, 2014	80,889,878	$ 1,864	19,000,000	$ 464	18,841,000	$ -
Share purchase options exercised	1,028,778	26	-	-	-	-
Dividend reinvestment plan	1,542,240	37	-	-	-	-
As at December 31, 2014	83,460,896	$ 1,927	19,000,000	$ 464	18,841,000	$ -
Shares exchanged [1]	18,841,000	449	-	-	(18,841,000)	-
Share purchase options exercised	76,580	2	-	-	-	-
Dividend reinvestment plan	882,103	22	-	-	-	-
Common shares buyback [2]	(1,598,136)	(38)	-	-	-	-
As at June 30, 2015	101,662,443	$ 2,362	19,000,000	$ 464	-	$ -

[1] On April 2, 2015, EPCOR exchanged 9,450,000 of its exchangeable limited partnership units of CPLP on a one-for-one basis for common shares of Capital Power and subsequently completed its sale of the 9,450,000 common shares at an offering price of $23.85 per common share for aggregate gross proceeds of $225 million. In connection with the offering, EPCOR exchanged its remaining 9,391,000 outstanding exchangeable limited partnership units in CPLP for common shares of Capital Power in accordance with the terms of the exchangeable common limited partnership units. As a result of the unit exchange and share offering, EPCOR's ownership interest in CPLP was reduced to nil (December 31, 2014 – 18%) and Capital Power's interest in CPLP increased to 100% (December 31, 2014 – 82%); therefore EPCOR ceased to be a related party of the Company.

[2] On March 25, 2015, the Toronto Stock Exchange approved Capital Power's normal course issuer bid to purchase and cancel up to 5,000,000 of its outstanding common shares during the one-year period from April 7, 2015 to April 6, 2016. During the three and six months ended June 30, 2015, the Company repurchased and canceled 1,598,136 of its outstanding common shares (2014 – nil).

Effective for the June 30, 2015 dividend, Capital Power suspended its dividend reinvestment plan for its common shares until further notice. Shareholders participating in the dividend reinvestment plan will receive cash dividends on the July 31, 2015 payment date.

The common and preferred share dividends declared and paid by the Company for the three and six months ended June 30, 2015 and 2014 are summarized as follows:

	Dividends declared							
	For the three months ended June 30,				For the six months ended June 30,			
	2015		2014		2015		2014	
	Per share	Total	Per share	Total	Per share	Total	Per share	Total
Common	$ 0.3400	$ 34	$ 0.3150	$ 26	$ 0.6800	$ 63	$ 0.6300	$ 52
Preference, Series 1	0.2875	2	0.2875	2	0.5750	3	0.5750	3
Preference, Series 3	0.2875	2	0.2875	2	0.5750	4	0.5750	4
Preference, Series 5	0.2813	2	0.2813	2	0.5626	4	0.5626	4

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

7. Share capital, continued:

	Dividends paid							
	For the three months ended June 30,				For the six months ended June 30,			
	2015		2014		2015		2014	
	Per share	Total[1]	Per share	Total[1]	Per share	Total[1]	Per share	Total[1]
Common	$ 0.3400	$ 29	$ 0.3150	$ 26	$ 0.6800	$57	$ 0.6300	$ 51
Preference, Series 1	0.2875	2	0.2875	2	0.5750	3	0.5750	3
Preference, Series 3	0.2875	2	0.2875	2	0.5750	4	0.5750	4
Preference, Series 5	0.2813	2	0.2813	2	0.5626	4	0.5626	4

[1] For the three and six months ended June 30, 2015, dividends paid on common shares consist of $17 million and $35 million paid in cash and $12 million and $22 million paid through the Company's dividend reinvestment plan as common shares issued, respectively. For the three and six months ended June 30, 2014, dividends paid on common shares consist of $16 million and $33 million paid in cash and $10 million and $18 million paid through the Company's dividend reinvestment plan as common shares issued, respectively.

8. Financial instruments:

Fair values

Details of the fair values of the Company's derivative instruments are described in note 6.

The classification and measurement of the Company's other short-term financial instruments are consistent with the methodologies described in the Company's 2014 annual consolidated financial statements. Due to the short-term nature of the financial instruments, the fair values are not materially different from their carrying amounts.

The fair values of the Company's other long-term financial instruments are determined using the same valuation techniques, inputs, and assumptions as described in the Company's 2014 annual consolidated financial statements. The classification, carrying amount and fair value of the Company's other financial instruments are summarized as follows:

		June 30, 2015		December 31, 2014	
	Fair value hierarchy level	Carrying amount	Fair value	Carrying amount	Fair value
Other financial assets					
Loans and receivables	Level 2	$ 13	$ 13	$ 16	$ 17
Finance lease receivables					
Loans and receivables	Level 2	699	678	708	726
Loans and borrowings					
Other financial liabilities (includes current portion)	Level 2	1,639	1,727	1,586	1,670

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

8. Financial instruments, continued:

Fair value hierarchy

Fair value represents the Company's estimate of the price at which a financial instrument could be exchanged between knowledgeable and willing parties in an orderly arm's length transaction under no compulsion to act. Fair value measurements recognized in the consolidated statements of financial position are categorized into levels within a fair value hierarchy based on the nature of the valuation inputs and precedence is given to those fair value measurements calculated using observable inputs over those using unobservable inputs. The determination of fair value requires judgment and is based on market information where available and appropriate. The valuation techniques used by the Company in determining the fair value of its financial instruments are the same as those used as at December 31, 2014. The fair value measurement of a financial instrument is included in only one of the three levels, the determination of which is based upon the lowest level input that is significant to the derivation of the fair value. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment which will affect the placement within the fair value hierarchy levels. As at June 30, 2015 and December 31, 2014, the Company did not classify any financial instruments in Level 3 of the hierarchy.

The following tables present the Company's financial instruments measured at fair value on a recurring basis in the consolidated statements of financial position, classified using the fair value hierarchy described above:

	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments assets				
Commodity derivatives	$ -	$ 125	$ -	$ 125
Foreign exchange derivatives	-	37	-	37
Interest rate derivatives	-	4	-	4
	$ -	$ 166	$ -	$ 166
Derivative financial instruments liabilities				
Commodity derivatives	-	(94)	-	(94)
Interest rate derivatives	-	(7)	-	(7)
	$ -	$ (101)	$ -	$ (101)

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments assets				
Commodity derivatives	$ -	$ 162	$ -	$ 162
Foreign exchange derivatives	-	21	$ -	21
Interest rate derivatives	-	4	-	4
	$ -	$ 187	$ -	$ 187
Derivative financial instruments liabilities				
Commodity derivatives	-	(69)	-	(69)
Interest rate derivatives	-	(5)	-	(5)
	$ -	$ (74)	$ -	$ (74)

The Company's policy is to recognize transfers between levels as of the date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels in the fair value hierarchy for the three and six months ended June 30, 2015 and the year ended December 31, 2014.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

9. Segment information:

The Company operates in one reportable business segment involved in the operation of electrical generation facilities within Canada (Alberta, British Columbia and Ontario) and in the U.S. (North Carolina and New Mexico), as this is how management assesses performance and determines resource allocations. The Company also holds a portfolio of wind and solar development sites in the U.S.

The Company's results from operations within each geographic area are:

	Three months ended June 30, 2015				Three months ended June 30, 2014			
	Canada	U.S.	Inter-area eliminations	Total	Canada	U.S.	Inter-area eliminations	Total
Revenues - external	$ 55	$ 28	$ -	$ 83	$ 208	$ 32	$ -	$ 240
Revenues - inter-area	-	2	(2)	-	1	-	(1)	-
Total revenues	$ 55	$ 30	$ (2)	$ 83	$ 209	$ 32	$ (1)	$ 240

	Six months ended June 30, 2015				Six months ended June 30, 2014			
	Canada	U.S.	Inter-area eliminations	Total	Canada	U.S.	Inter-area eliminations	Total
Revenues - external	$ 380	$ 61	$ -	$ 441	$ 483	$ 65	$ -	$ 548
Revenues - inter-area	3	2	(5)	-	11	-	(11)	-
Total revenues	$ 383	$ 63	$ (5)	$ 441	$ 494	$ 65	$ (11)	$ 548

	As at June 30, 2015			As at December 31, 2014		
	Canada	U.S.	Total	Canada	U.S.	Total
Property, plant and equipment	$ 3,508	$ 202	$ 3,710	$ 3,511	$ 190	$ 3,701
Intangible assets	305	39	344	313	37	350
Goodwill	-	27	27	-	25	25
Other assets	23	3	26	25	3	28
	$ 3,836	$ 271	$ 4,107	$ 3,849	$ 255	$ 4,104

10. Comparative figures:

Certain comparative figures have been reclassified to conform with the current period's presentation.