CAPITAL POWER

Analyst Conference Call

- *Acquisition of 294 MW of contracted power facilities*
- *Q4/16 and 2016 Results*

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Forward-looking information

Cautionary statement

Certain information in this presentation and in responses to questions contains forward-looking information. Actual results could differ materially from conclusions, forecasts or projections in the forward-looking information, and certain material factors or assumptions that were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information.

Additional information about the material factors and risks that could cause actual results to differ materially from the conclusions, forecasts or projections in the forward-looking information and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information are disclosed on slide 20 of this presentation and in the Company's fourth quarter 2016 Management's Discussion and Analysis (MD&A) prepared as of February 17, 2017 which is available under the Company's profile on SEDAR at sedar.com and on the Company's website at capitalpower.com.

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Non-GAAP financial measures

The Company uses (i) earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense from joint venture, and gains or losses on disposals (adjusted EBITDA), (ii) funds from operations (through 2016), (iii) adjusted funds from operations (commencing in 2017), (iv) normalized earnings attributable to common shareholders, and (v) 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.

Reconciliations of these Non-GAAP financial measures are contained in the Company's Management's Discussion and Analysis prepared as of February 17, 2017 for the fourth quarter 2016, which is available under the Company's profile on SEDAR at SEDAR.com and on the Company's website at capitalpower.com.

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Acquisition of 294 MW of fully contracted power facilities

Highlights of transaction

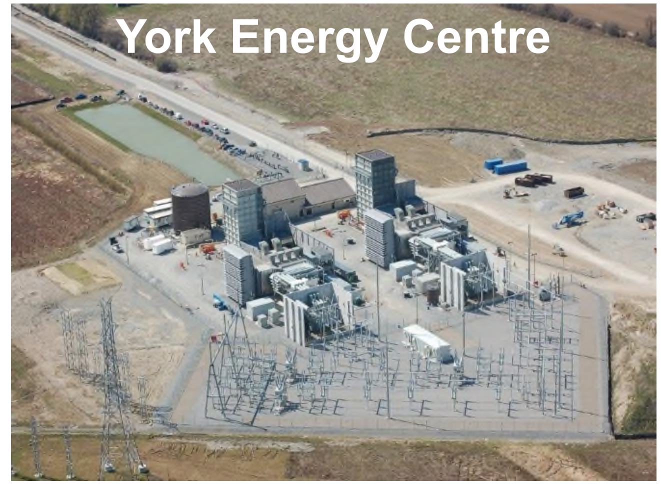
- Agreement to acquire two gas-fired generation facilities and two waste heat assets from Veresen Inc.
- $225M cash purchase price, subject to working capital adjustments and other closing adjustments, and assumption of $275M of project level debt
- Cash portion of transaction financed through existing cash and credit facilities
- Provides immediate accretion to AFFO and earnings
  - Adds $24M to AFFO in first full year of operations ($0.25/share or 7%)
  - Earnings accretion of $0.11/share in first full year
- Projected EBITDA contribution of ~$55M per year
- Closing expected in Q2/17, subject to regulatory approvals and satisfaction of closing conditions

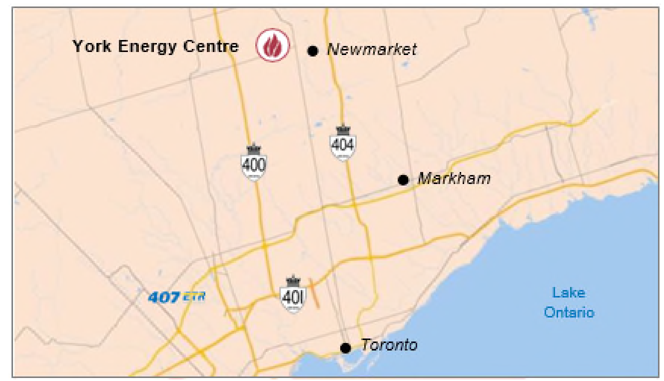
Transaction significantly adds to contracted cash flows out to the end of the next decade

Ontario natural gas facilities

Young, high-quality generation facilities with a weighted average PPA life of 14 years remaining

- York Energy and East Windsor have long-term PPAs with Ontario IESO (A rated)
- Earn revenues through fixed capacity payments partly indexed to inflation
- Compensated for O&M, fuel, and start-up costs
- Assets are strategically located which supports re-contracting of PPAs on economic terms





Capacity: 400 MW (50% interest)
COD: 2012
PPA Expiry: 2032

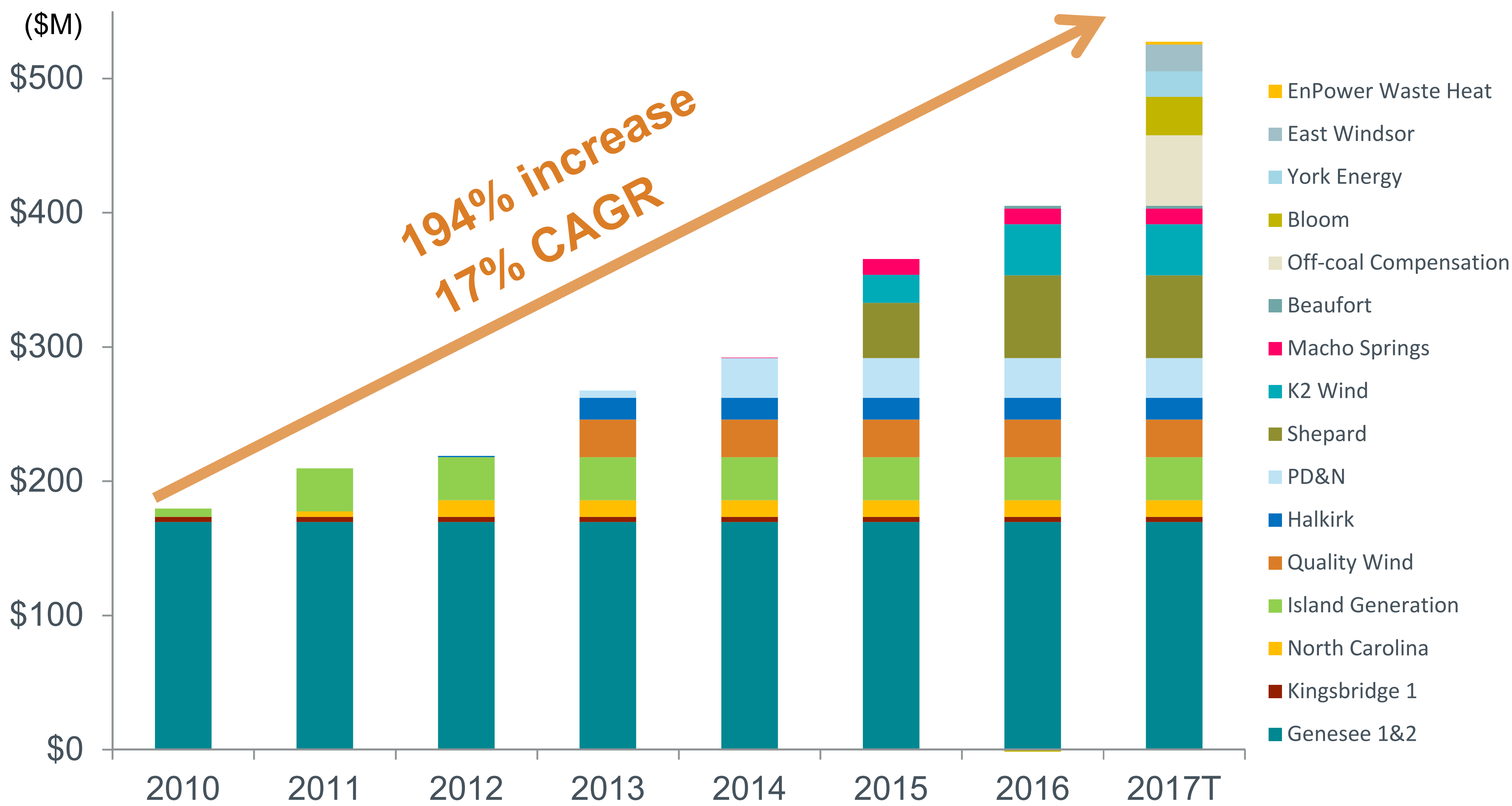
Capacity: 84 MW
COD: 2009
PPA Expiry: 2029

B.C. waste heat generation facilities
Fully contracted with 11 years of EPA life remaining

- 150 Mile House and Savona waste heat facilities are under 20-year EPAs with BC Hydro (AA rated), with original terms expiring in 2028
- EPAs have partial inflation indexation and premium pricing under peak load hours

Capacity: 5 MW each
COD: 2008
PPA Expiry: 2028

Improving contracted EBITDA(1,2,3,4)



The long-term contracted EBITDA as a % of total EBITDA increases from 66% in 2016 to 79% in 2017

(1) Margins have been averaged over the periods except in the year of commissioning.
(2) Only includes contracted portions of Halkirk and Shepard plants.
(3) Capital Power's share of EBITDA for all assets.
(4) Includes off-coal compensation.

Benefits of transaction

- ***Young, high-quality assets*** – excellent operating history that will strengthen existing fleet of assets
- ***Geographical diversification*** – waste heat facilities in BC and natural gas facilities in Ontario
- ***Long-term contracts*** – weighted average remaining PPA life of 14 years enhances contracted cash flows out to 2028-2032
- ***Immediate accretion*** – in first full year of operations, AFFO accretion of $0.25 per share and $0.11 per share to earnings
- ***Enhances contracted cash flow profile*** – accretion enhances ability to meet fixed cash flow obligations and grow dividends
- ***Improved business risk*** – expect credit rating agencies to affirm ratings and outlook

Contracted EBITDA expected to increase ~8% in 2017

Highlights for 2016

- Strong performance in 2016 with Company meeting its annual operating and financial targets
  - Achieved average plant availability of 94%
  - Generated $384M in FFO within $380-$430M target and Adjusted EBITDA of $520M
  - Continued to construct Bloom Wind, which is on schedule for COD in Q3/17
- Reached satisfactory agreement with the Alberta Government on fair compensation for early phase-out of coal-fired generation
- Settled Sundance PPA dispute
- Increased dividend by 6.8% and confirmed annual dividend growth guidance of 7% per year to 2018

Continue to develop new generation in AB

Q4/16 and 2016 operating performance

Facility availability		Q4/15	Q4/16	2016
AB commercial facilities	Genesee 3	100%	68%	92%
	Keephills 3	100%	99%	96%
	Clover Bar	97%	99%	95%
	Joffre	100%	98%	81%
	Shepard	98%	76%	89%
	Halkirk	96%	98%	98%
AB contracted facilities	Genesee 1	99%	100%	99%
	Genesee 2	100%	100%	93%
ON & BC contracted facilities	Island Generation	100%	100%	98%
	K2 Wind	99%	100%	99%
	Kingsbridge 1	98%	97%	96%
	Port Dover & Nanticoke	98%	99%	98%
	Quality Wind	98%	97%	96%
U.S. contracted facilities	Roxboro	99%	94%	96%
	Southport	93%	98%	92%
	Beaufort Solar	100%	92%	95%
	Macho Springs	96%	97%	97%
	Average	**99%**	**94%**	**94%**

- Average availability of 94% in Q4/16, lower than exceptional 99% performance in Q4/15 due to planned outages at Genesee 3 and Shepard in Q4/16
- Achieved 94% average availability for 2016

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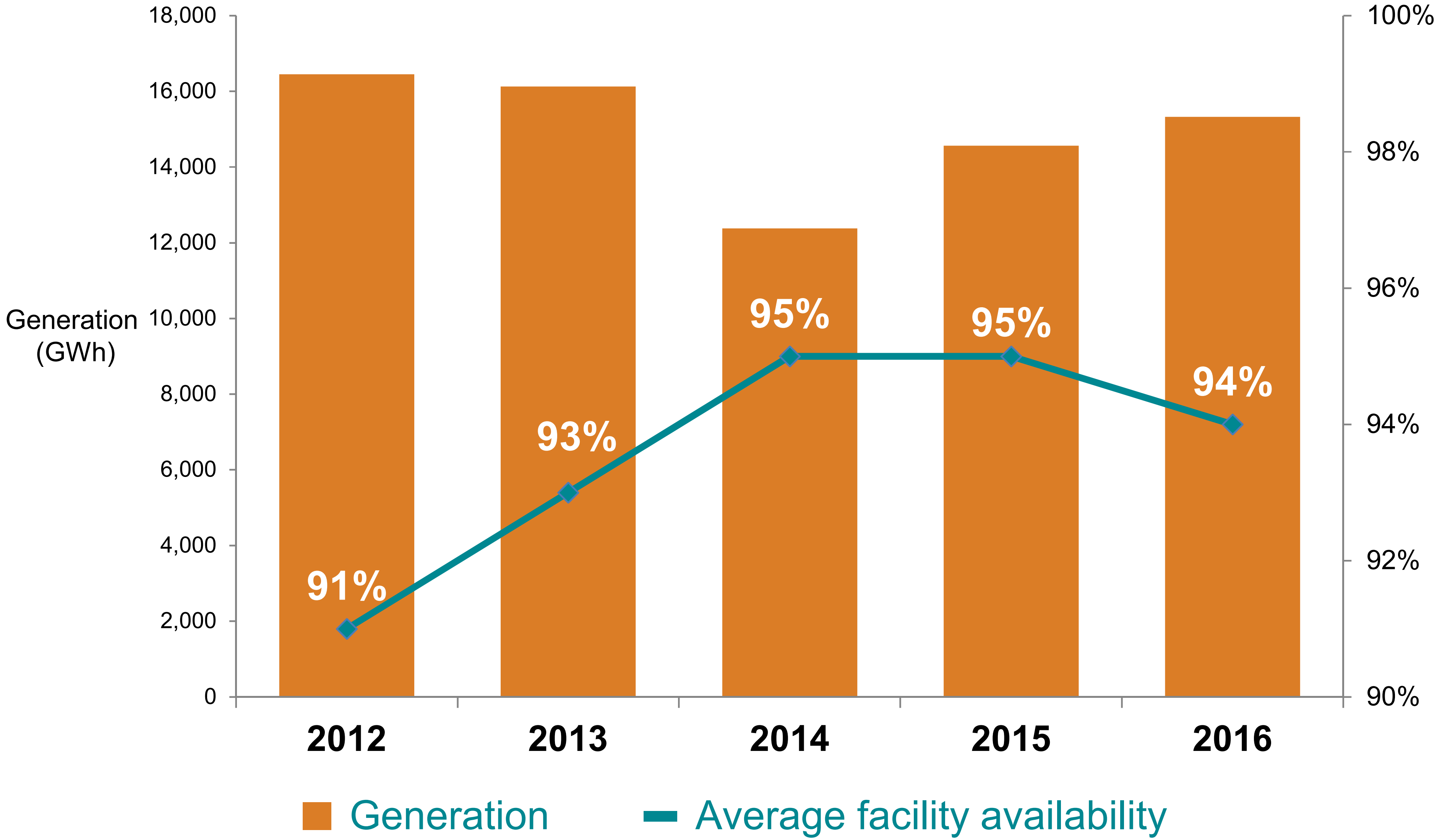
Proven track record of high fleet availability

Average facility availability of 94% in the past 5 years



Q4/16 Financial review

- Generated $75M of FFO, down 40% compared to $125M in Q4/15 due to one-time Sundance PPA settlement payment of $20M and realized losses from settlement of interest rate swaps
- Normalized EPS of $0.27 versus $0.42 in Q4/15
- Trading desk captured a 205% higher realized average power price versus spot price in Q4 year-over-year, despite a minor increase in average AB power prices from $21 to $22/MWh

Portfolio optimization	Q4/16	Q4/15
AB spot power price average (/MWh)	**$22**	$21
Realized power price(1) (/MWh)	**$67**	$55
% realized above spot power price	**205%**	162%

(1) Realized power price is the average price realized as a result of the Company's commercial contracted sales and portfolio optimization activities in Alberta.

Financial performance – Q4/16

$M, except per share amounts	Q4/16	Q4/15	Change
Revenues	**$280**	$337	(17%)
Adjusted EBITDA (before mark-to-market)(1)	**$138**	$146	(5%)
Basic earnings per share	**$0.21**	$0.29	(28%)
Normalized earnings per share	**$0.27**	$0.42	(36%)
Funds from operations	**$75**	$125	(40%)

Lower financial results reflect one-time Sundance PPA settlement payment and net realized loss on termination of interest rate derivatives

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of $6M and -$12M for Q4/16 and Q4/15, respectively.

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Financial performance – 2016

$M, except per share amounts	2016	2015	Change
Revenues	**$1,214**	$1,241	(2%)
Adjusted EBITDA (before mark-to-market)[(1)]	**$509**	$483	5%
Basic earnings per share	**$0.91**	$0.70	30%
Normalized earnings per share	**$1.22**	$1.15	6%
Funds from operations	**$384**	$400	(4%)

Increase in Adjusted EBITDA primarily due to strong portfolio optimization results

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of $11M and -$1M for 2016 and 2015, respectively.

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Financial outlook

- Commencement of annual off-coal compensation payments of $52.4M/year
- EBITDA contributions (~$55M full year) from acquisition of gas and waste heat assets that is expected to close in Q2/17
- Alberta Commercial baseload positions:

	2017	2018	2019
As of date	Dec 31/16	Dec 31/16	Dec 31/16
% sold forward[(1)]	100%	53%	40%
Contracted prices[(2)] *($/MWh)*	Mid-$40	Low-$50	Low-$50
Avg. forward prices ($/MWh)	$32	$39	$41

Baseload merchant exposure fully hedged in 2017 in mid-$40/MWh

(1) Based on the Alberta baseload plants plus a portion of Joffre and the uncontracted portion of Shepard.
(2) Forecasted average contracted prices may differ significantly from future average realized prices as future realized prices are driven by a combination of previously contracted prices and settled prices.

2016 Performance and 2017 targets
Operational and financial targets

	2016 Targets	2016 Results	2017 Targets (Dec 15/16)	2017 Targets (Current)
Facility availability	94%	94%	95%	95%
Sustaining capex *Genesee Performance Standard*	$65	$55	$75 $10	$75 $10
Facility operating & maintenance expenses ($M)	$200 - $220	$205	$195 - $215	$205 - $230
Funds from operations (FFO) ($M)	$380 - $430	$384		
Adjusted FFO (AFFO) ($M)		$306	$305 - $345	$320 - $365

All 2016 targets achieved; increased guidance for 2017

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Disciplined growth targets
Genesee 4&5 (Alberta)

2016 Target

Proceed with construction based on:

- Clarity with respect to impact of decisions from the AB government's *Climate Leadership Plan*
- Price signals from the wholesale electricity market

2016 Results

- Full notice to proceed decision deferred
- Continuation and timing of the project will be considered once more Alberta market structure certainty exists and new generation is required to balance supply and demand

Disciplined growth targets

New developments

2016 Target

- Execute a contract for the output of a new development

2016 Results

✓ **Bloom Wind** (178 MW project in Kansas)

- 10-year fixed price contract covering 100% of the output
- Construction started in Q3/16 with COD targeted in Q3/17

2017 Targets

- Complete Bloom Wind on time and on budget
- Execute contracts for the output of two new developments


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QUESTIONS?

Forward-looking information

Forward-looking information or statements included in this presentation and in responses to questions 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 presentation 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 includes expectations regarding:

- future revenues, expenses, earnings and adjusted funds from operations,
- the future pricing of electricity and market fundamentals in existing and target markets,
- future dividend growth,
- 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,
- facility availability and planned outages,
- capital expenditures for facility maintenance and other (sustaining capital, future growth projects),
- the impact of environmental regulations on the Company, its businesses, accounting policies, and emissions compliance costs, and
- the impact of the transition to a capacity market on the Company's future growth projects including the Genesee 4 and 5 project.

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 2017 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,
- generation facility 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, 2016 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 specified approval date. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

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