# CAPITAL POWER

## Investor Presentation

## August 2017

**Brian Vaasjo, President & CEO**

**Bryan DeNeve, SVP Finance & CFO**

Bloom Wind, Kansas

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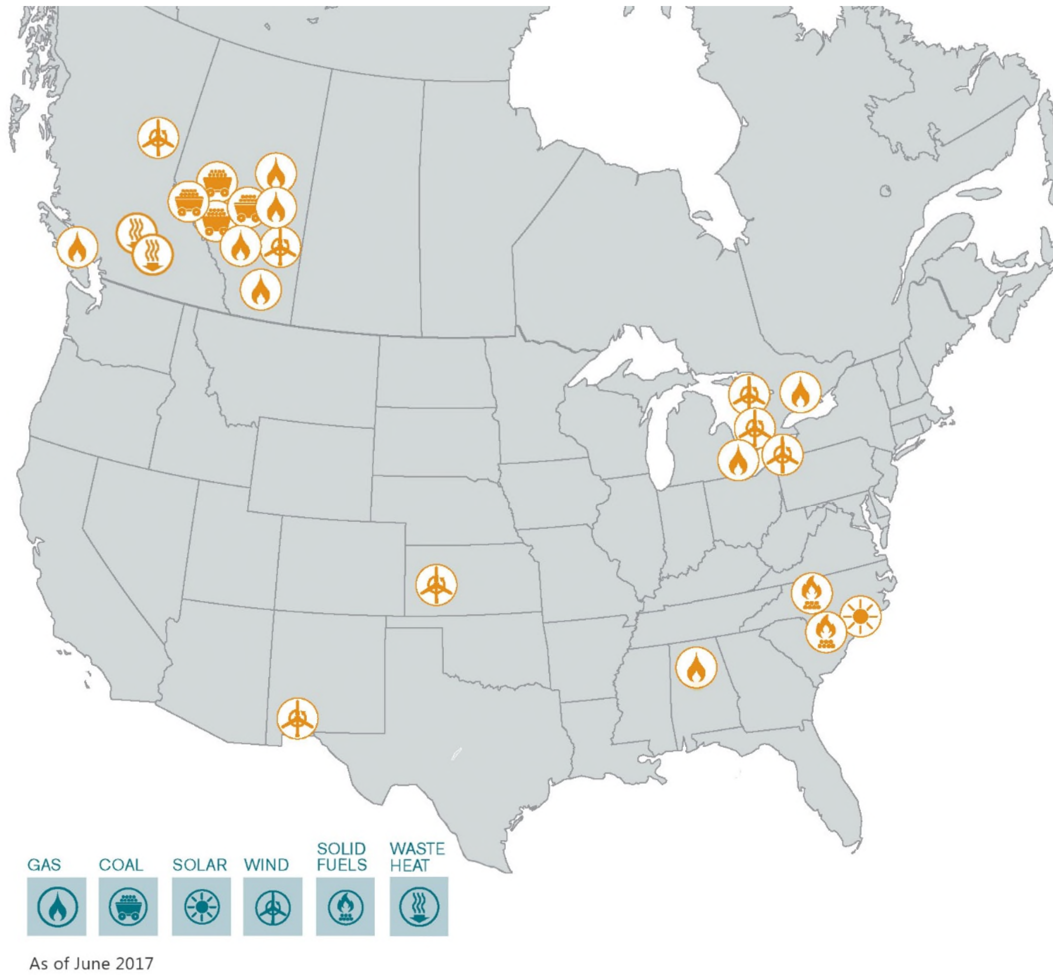
# Capital Power overview

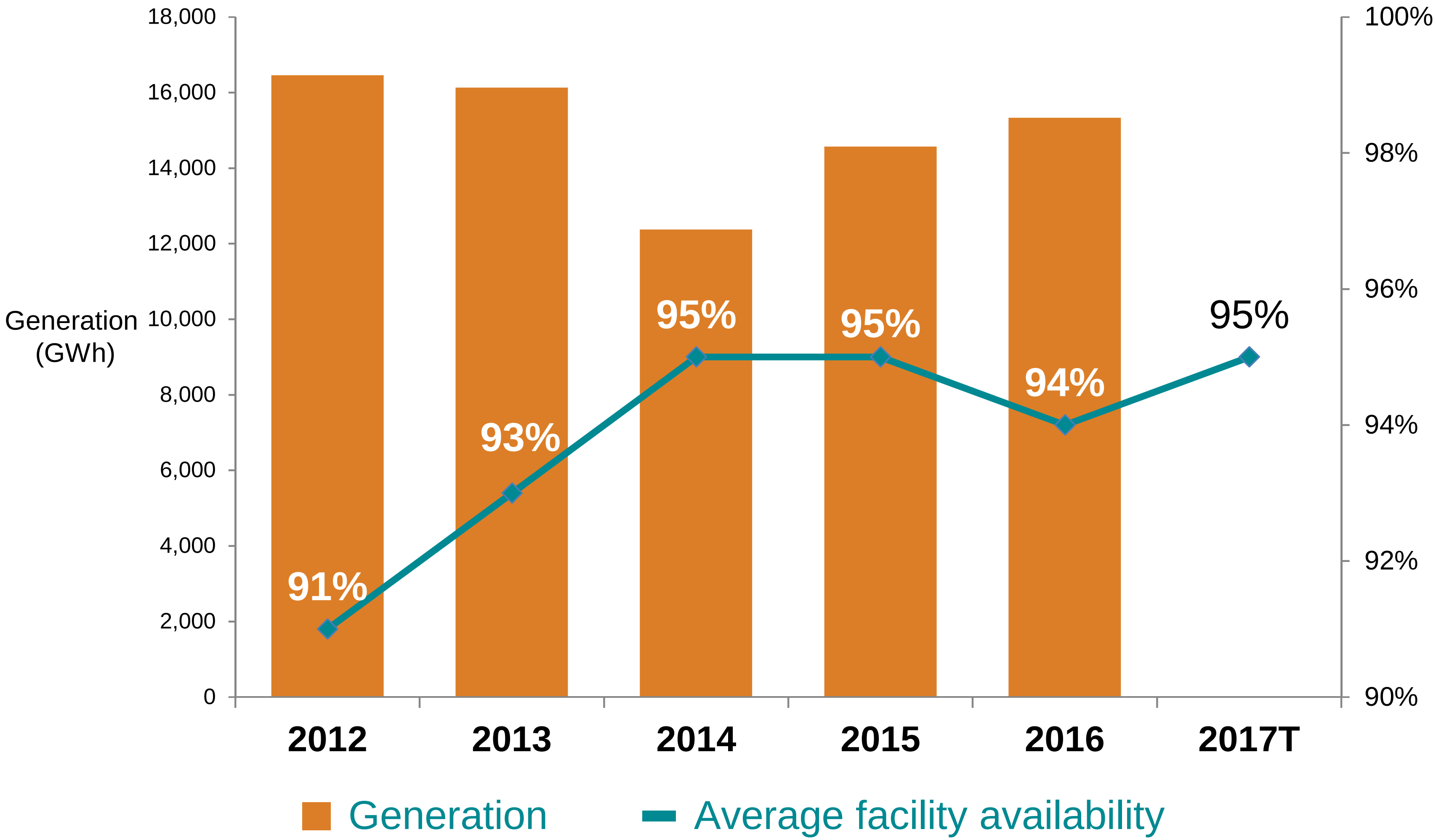
- Growth-oriented North American IPP with ownership interest in 24 facilities in Canada and the U.S. totaling ~4,500 MW
- Young fleet with an average facility age of 12.8 years[1]
- Strong balance sheet and financial flexibility to fund growth
- Annual 7% dividend growth[2] to 2020 supported by growth in contracted Adjusted EBITDA
- TSX (CPX); market cap of \$2.6B[3]; average daily trading of ~525K[3] shares




1) Average age based on megawatt capacity weighting.
2) Subject to Board approval.
3) Market capitalization as of July 31/17. Average daily trading for 12-month period ending July 31/17.

# Proven track record of high fleet availability

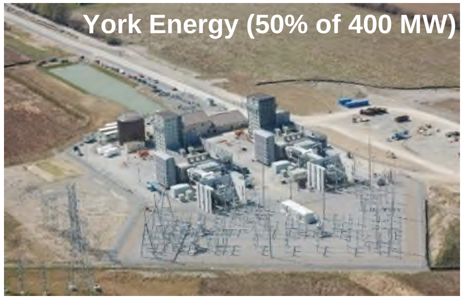
## *Average facility availability of 94% in the past 5 years*



# Executing on growth

## Acquired 2 contracted natural gas and 2 waste heat assets

- Acquired York Energy and East Windsor facilities in Ontario and two BC waste heat assets for ~$515M including ~$270M of debt
- York Energy and East Windsor have long-term PPAs with Ontario IESO expiring in 2032 and 2029, respectively
- Two waste heat assets under 20-year EPAs expiring in 2028
- Acquisition is accretive to AFFO by $0.25 per share in the first full year of operations







***Weighted average remaining PPA life of 14 years enhances contracted cash flows out to 2028-2032***



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# Executing on growth
## Decatur Energy Center

- Completed the acquisition of Decatur Energy Center in Jun/17 for $603M (US$448M)
  - 795 MW natural gas-fired facility located in Decatur, Alabama
  - Fully contracted until December 2022 with high probability of re-contracting based on its history and need for capacity in the region
  - Accretive to AFFO by $0.18 per share in the first full year of operations
- Combined acquisition of 5 facilities are expected to increase AFFO by $67M and adjusted EBITDA by $115M in the first full year of operations


***Long-term contracted adjusted EBITDA as a % of total adjusted EBITDA increases from 66% in 2016 to 80% in 2017***

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# Completion of Bloom Wind project

## Company's first wind development project in the U.S.

- Bloom Wind began commercial operations on June 1/17
- 178 MW project in Kansas completed one month ahead of schedule with construction costs below budget
- 10-year fixed price contract covering 100% of the output, with a subsidiary of Allianz SE, a worldwide insurance and asset management group
- Equity financing from an affiliate of Goldman Sachs

***Expect Bloom Wind to be the first of many U.S. wind development projects to reach completion***

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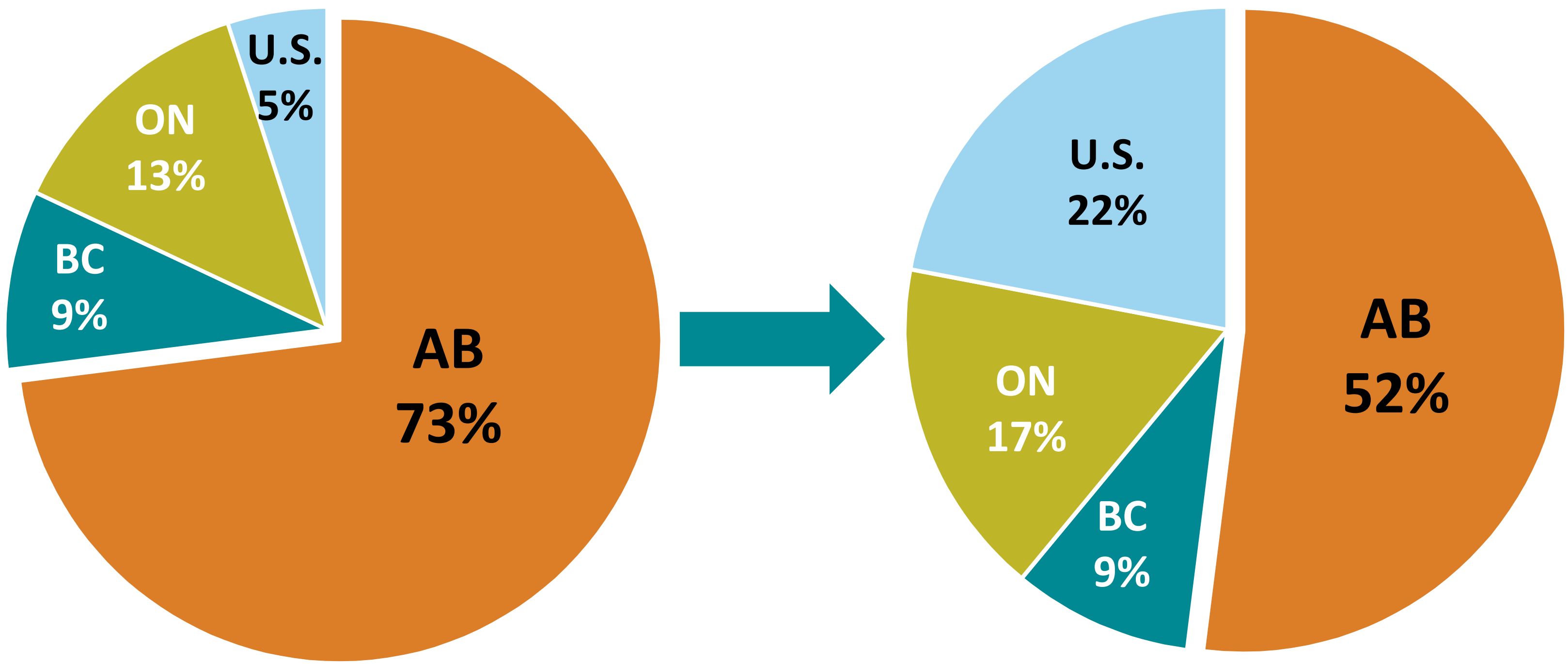
# Geographical profile

## Recent acquisitions and completion of Bloom Wind has increased geographical diversification

Geographical breakdown based on Adjusted EBITDA




2016[(1)]

2018 Estimate

1) Percentage breakdown for 2016 is based on Adjusted EBITDA prior to Corporate and unrealized changes in fair value of commodity derivatives and emission credits.

# Updates on growth in Alberta

- Alberta power market
- Environmental regulations
- Coal facilities
- Renewables opportunities
- Transition to a capacity market design

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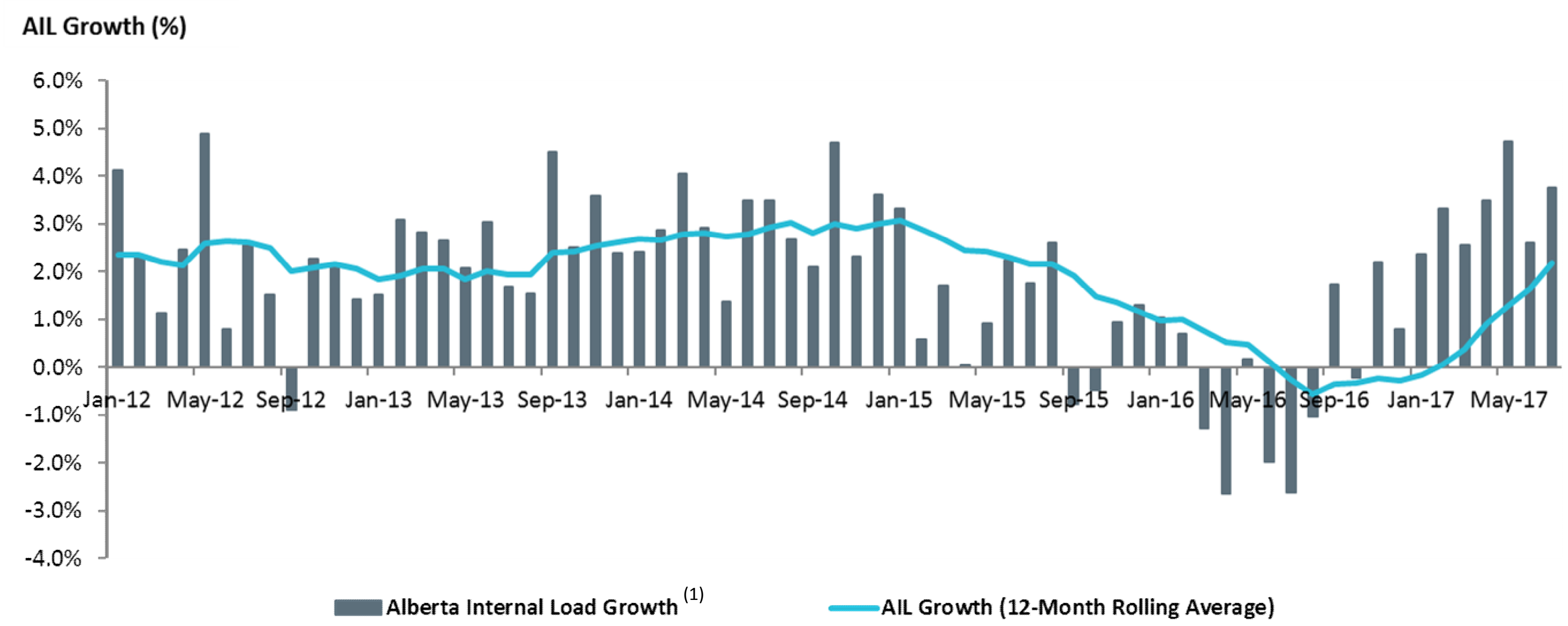
# Alberta demand

## Alberta demand showing recovery

- Nine consecutive months (Nov 2016 – Jul 2017) of positive normalized load growth; continues to show signs of recovery
- Average normalized growth in Q2/17 is the highest quarter since 2012

### Alberta Load Growth [1]




1) Alberta Internal Load normalized for weather and impact of Fort McMurray fires in 2016. Source: Capital Power.



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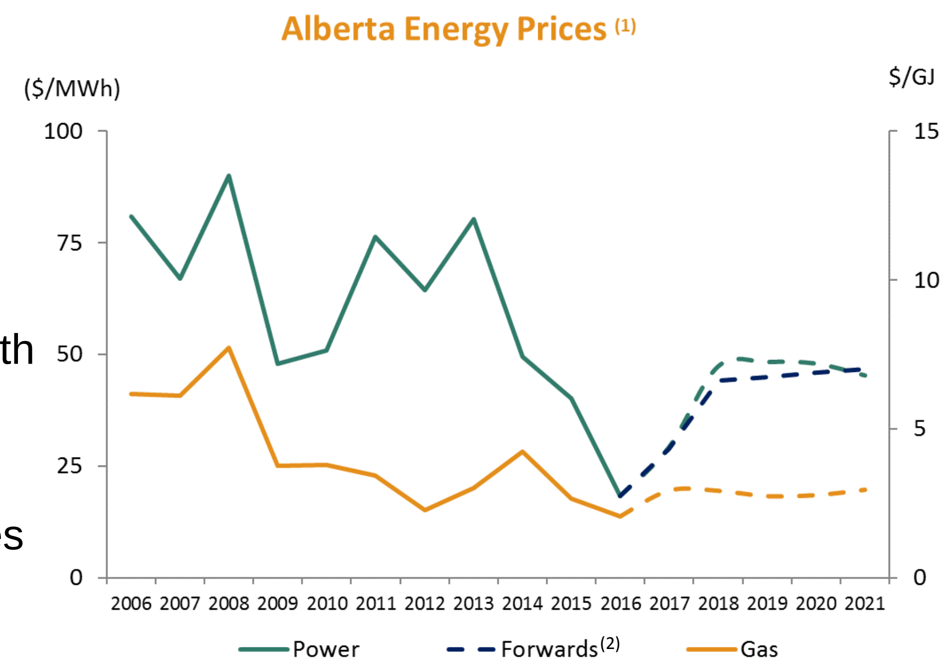
# Alberta market forecasts

## Current low power price environment

- Oversupply in the market
- Lower demand from weak AB economy
- Low natural gas prices

## Expected uplift in power prices

- Announced early retirements and mothballing of coal-fired units
- Balancing Pool's plan to terminate all Sundance PPAs and possibly PPAs with Battle River 5 and Keephills 1&2
- Demand growth recovering
- Moderate increase in natural gas prices
- Pass-through of higher environmental compliance costs
- Mandated coal retirements near the end of this decade




1) Power and gas forecasts represent the average forecasts of three leading 3rd party consulting firms as of June 2017.
2) Forwards as of July 2017.

# Carbon competitiveness regulation

- Specified Gas Emitters Regulation (SGER) effective to the end of 2017. Levy under Carbon Competitiveness Regulation (CCR) effective starting in 2018

| | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Compliance regulation | SGER | CCR | | |
| Compliance requirement | 20% | 55% to 65%<br>(Down to best gas standard) | | |
| Market compliance cost ($/tonne) | $30 (assumed to remain flat until post 2025) | | | |

- Impact on Genesee 3 / Keephills 3 will be offset by higher pool prices and inventory of low-cost carbon offset credits through 2020
- Capital Power bears the Genesee 1&2 compliance costs post-2020 after PPA expiry. Additional compliance costs expected to be offset by increased revenue from selling the output into the Alberta wholesale market (~$50 to $55/MWh) as opposed to under the PPA (~$40/MWh)

***Use of existing offset credits and higher pool prices helps mitigate higher compliance costs through 2020***



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# Alberta opportunity set

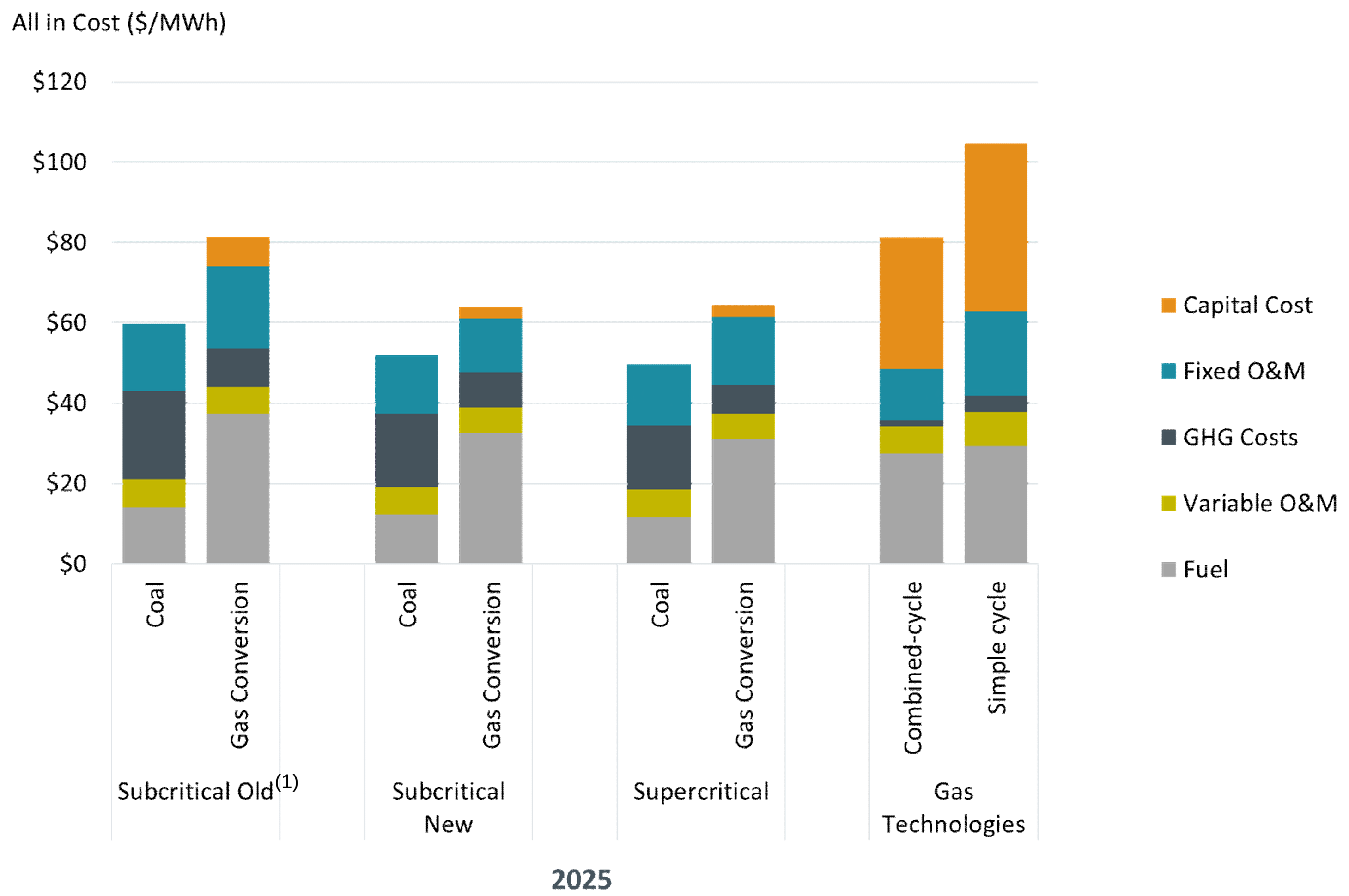
## Significant investment required over the next 13 years

- Up to $20 billion
- Phase-out of coal facilities by end of 2030 or earlier
- 5,000 MWs in renewables to replace retirement of coal units with balance in natural gas and other to meet demand
- Capital Power well-positioned with our existing power sites, development and construction expertise, and strong track record of trading in Alberta

***Well-positioned to participate in new generation***

# All-in cost assumptions

## Components of variable, fixed costs and capital costs for various technologies




1) Subcritical Old is pre-1980

# Alberta’s coal fleet

## *Retirements under federal & provincial regulations and conversion to gas*

| | Facility | AESO max capacity (MW) | Age in 2017 (years) | End of coal life (CST & CLP)[1] | Expected Life (coal to gas conversion) |
|---|---|---|---|---|---|
| Subcritical Old | Battle River 3 | 149 | 48 | 2019 | Decommissioned |
| | Sundance 1 | 288 | 47 | Jan 1/18 | Decommissioned |
| | H.R. Milner | 144 | 45 | May 1/17 | Decommissioned |
| | Sundance 2 | 288 | 44 | Jan 1/18 | Moth-balled for up to 2 years |
| | Battle River 4 | 155 | 42 | 2025 | 2021 – |
| | Sundance 3 | 368 | 41 | 2026 | 2021/23 – mid-2030 |
| | Sundance 4 | 406 | 40 | 2027 | 2021/23 – mid-2030 |
| | Sundance 5 | 406 | 39 | 2028 | 2021/23 – mid-2030 |
| Subcritical New | Sundance 6 | 401 | 37 | 2029 | 2021/23 – mid-2030 |
| | Battle River 5 | 385 | 36 | 2029 | 2021 – |
| | Keephills 1 | 395 | 34 | 2029 | 2021/23 – mid-2030 |
| | Keephills 2 | 395 | 33 | 2029 | 2021/23 – mid-2030 |
| | Sheerness 1 | 400 | 31 | 2030 | 2021 – |
| | **Genesee 2** | **400** | **28** | **2030** | **2031 – 2045** |
| | Sheerness 2 | 390 | 27 | 2030 | 2021 – |
| | **Genesee 1** | **400** | **23** | **2030** | **2031 – 2045** |
| Supercritical | **Genesee 3[2]** | **466** | **12** | **2030** | **2031 – 2045** |
| | **Keephills 3[2]** | **463** | **6** | **2030** | |

1) Current coal regulations under Capital Stock Turnover (Federal) and Climate Leadership Plan (Alberta).
2) Capital Power and TransAlta Corporation are 50% owners on Genesee 3 and Keephills 3.

# Coal-to-gas conversion

## Genesee will continue to be an industry leading generation facility

- Decision on timing of converting coal units to gas depends on carbon and natural gas pricing, supply-demand balance, regulatory framework for converted units, and capacity market design
- Genesee facility has competitive advantages (young age, condition, availability and heat rate) that are maintained after gas fuel conversion, with the efficiency translating into higher dispatch
- Estimated cost for simple gas conversion is $25M-$50M/unit
- 12-18 month lead time required; 2 months downtime for facility
- Significantly lower O&M cost expected post gas conversion



***Efficient coal plants leads to efficient natural gas plants***

# Renewables in Alberta

## Targeting 30% of AB's electricity generation from renewables by 2030

- 5,000 MW of renewable energy, equivalent to ~2,000 MW of capacity
- Will still need 4,000 MW of thermal to replace retiring coal generation
- First call under Renewable Electricity Program (REP)
  - Procurement of 400 MW of renewable capacity
  - Operational in 2019
  - Utilize existing transmission
  - 20-year term
  - Winning bidders based on lowest price
  - Future REP calls to include stakeholder benefits
- Timelines for first call in 2017
  - Q1 - Request for Expression of Interest
  - Q2 - Request for Qualifications
  - Q4 - Request for Proposals

***New renewable generation will be timed to replace two-thirds of retiring coal-fired capacity***

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# Wind development in Alberta

## Capital Power has two wind projects ready to be bid into the REP

| Whitla Wind | Halkirk 2 |
|---|---|
| 300 MW on 33,000 acres in south eastern Alberta | 150 MW on 18,000 acres in central Alberta next to existing Halkirk facility |
| 38-41% capacity factor | 37-39% capacity factor |
| Available transmission | Available transmission |
| | Locational advantage with wind diversity resulting in expected higher capture factor |

- Whitla Wind continues to make significant progress and if awarded a PPA, it can be in service in 2019
- Halkirk 2 well-positioned to participate in future procurement rounds



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# Alberta power market design change

## Transition to a capacity market from energy-only market

- Government committed to ensuring existing investments would be treated fairly, and new market framework would continue to promote a level playing field between existing and potential new capacity
- Tremendous amount of detail to work out on market design
  - Five working groups providing feedback on key design elements based on a straw model that is being iterated (Jun/17 – Jun/18); Capital Power is participating in 4 of the 5 working groups
  - Properly designed and implemented, Capital Power should be able to realize on its proven competencies in the new market
- Government of Alberta's schedule continues to be on-track
  - Design to be formalized late 2018/early 2019
  - Expect first capacity auction in 2019 for delivery in 2021
- Generally positive for coal and natural gas conversions



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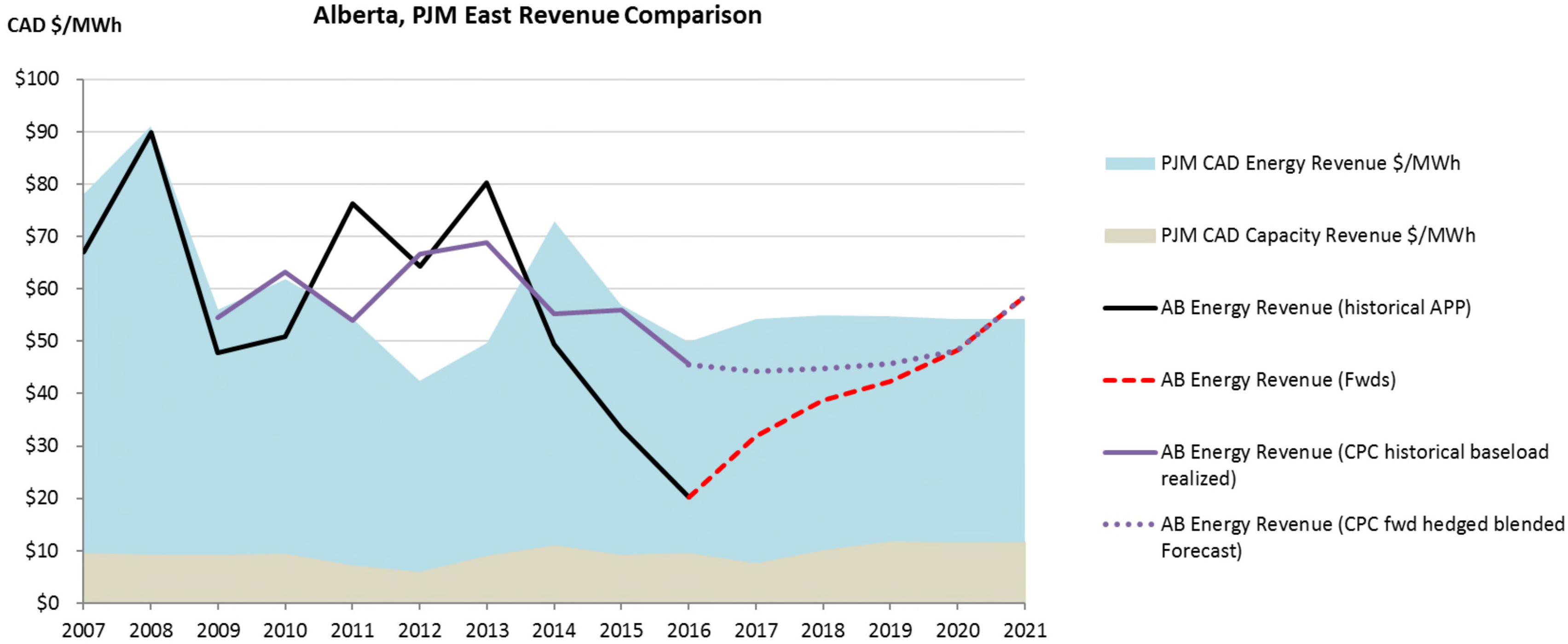
# Capacity market
## Baseload revenue – Alberta vs. PJM




- Capacity market creates a more stable revenue stream relative to selling into the Alberta market
- Revenue under the Alberta energy only market for the period of 2009 through 2021 is $57/MWh for Capital Power's baseload assets (including trading gains) compared to $55/MWh in the PJM capacity market

# Growth opportunities


- Development of wind and thermal in Alberta
- Development of U.S. wind
  - Preserved full Production Tax Credit (PTC) qualification with construction of project-specific transformers in 2016
  - Tax credits help projects remain competitive in the U.S.
- Acquisitions in Canada and the U.S.

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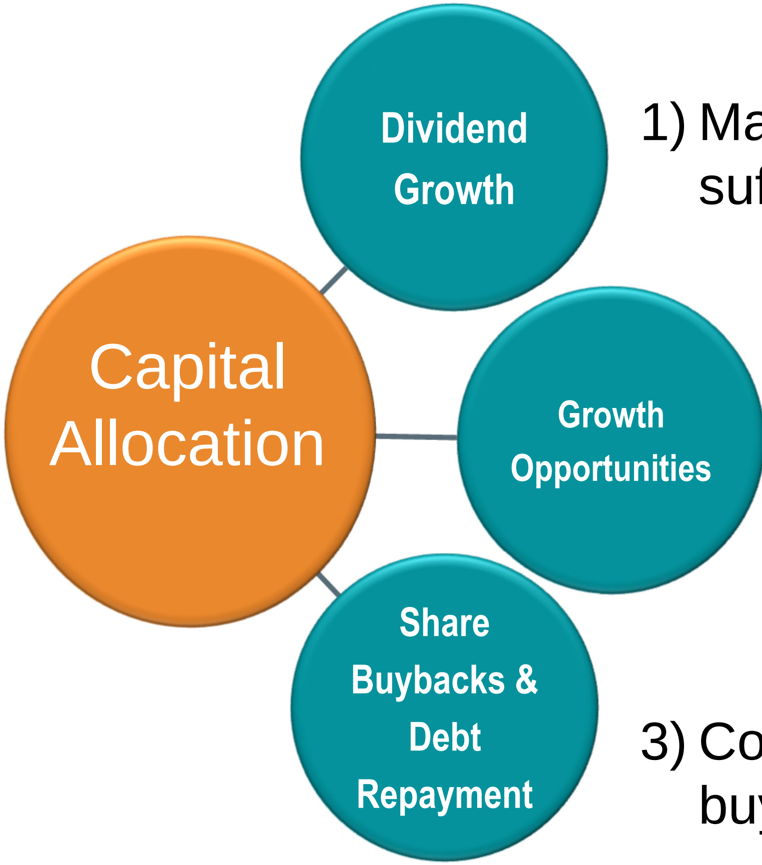
# Financial strategy


***Maintain ongoing access to cost competitive capital to fund growth throughout business cycle***

# Capital allocation



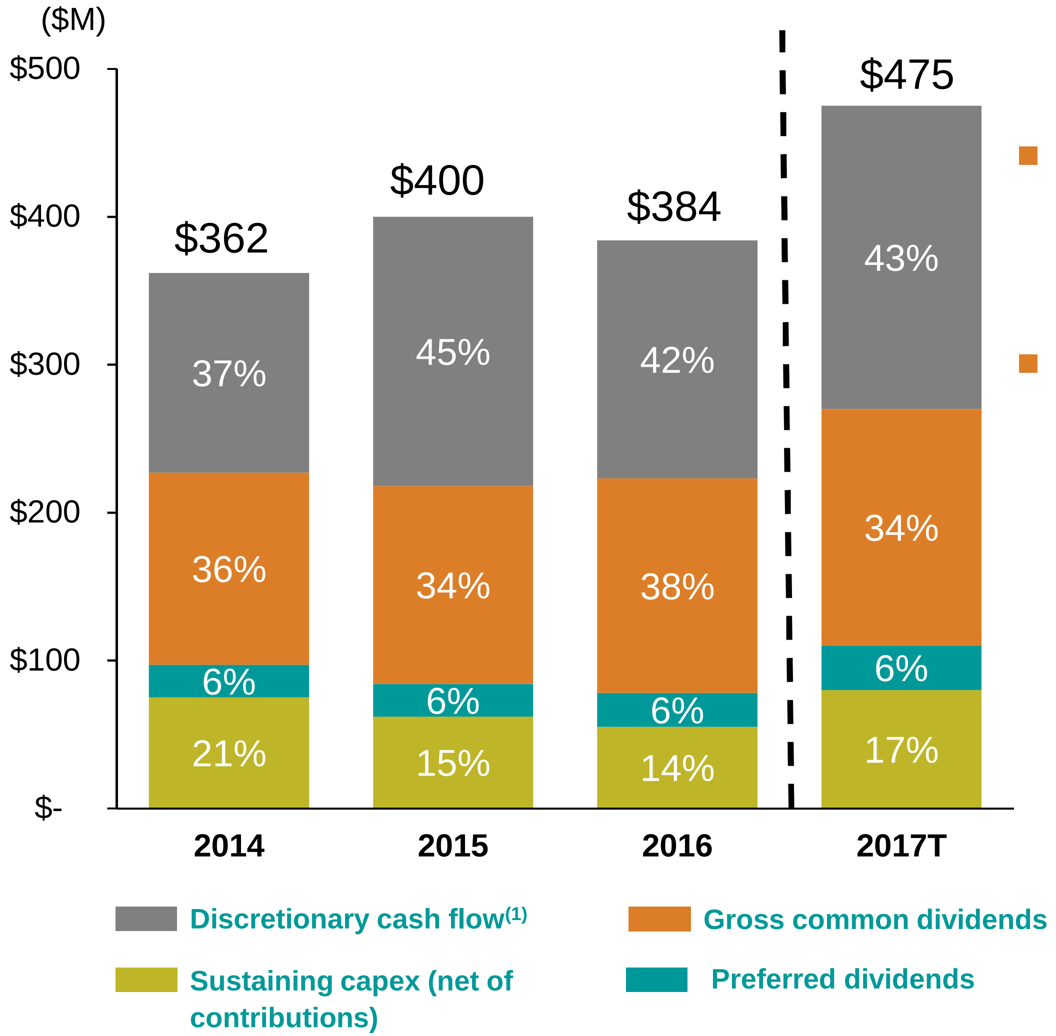

1) Maintain growing dividend backed by sufficient contracted cash flow base

2) Fund growth opportunities in the near term with discretionary cash flow

3) Consider debt reduction and share buybacks absent growth

# Continued strong cash flow generation

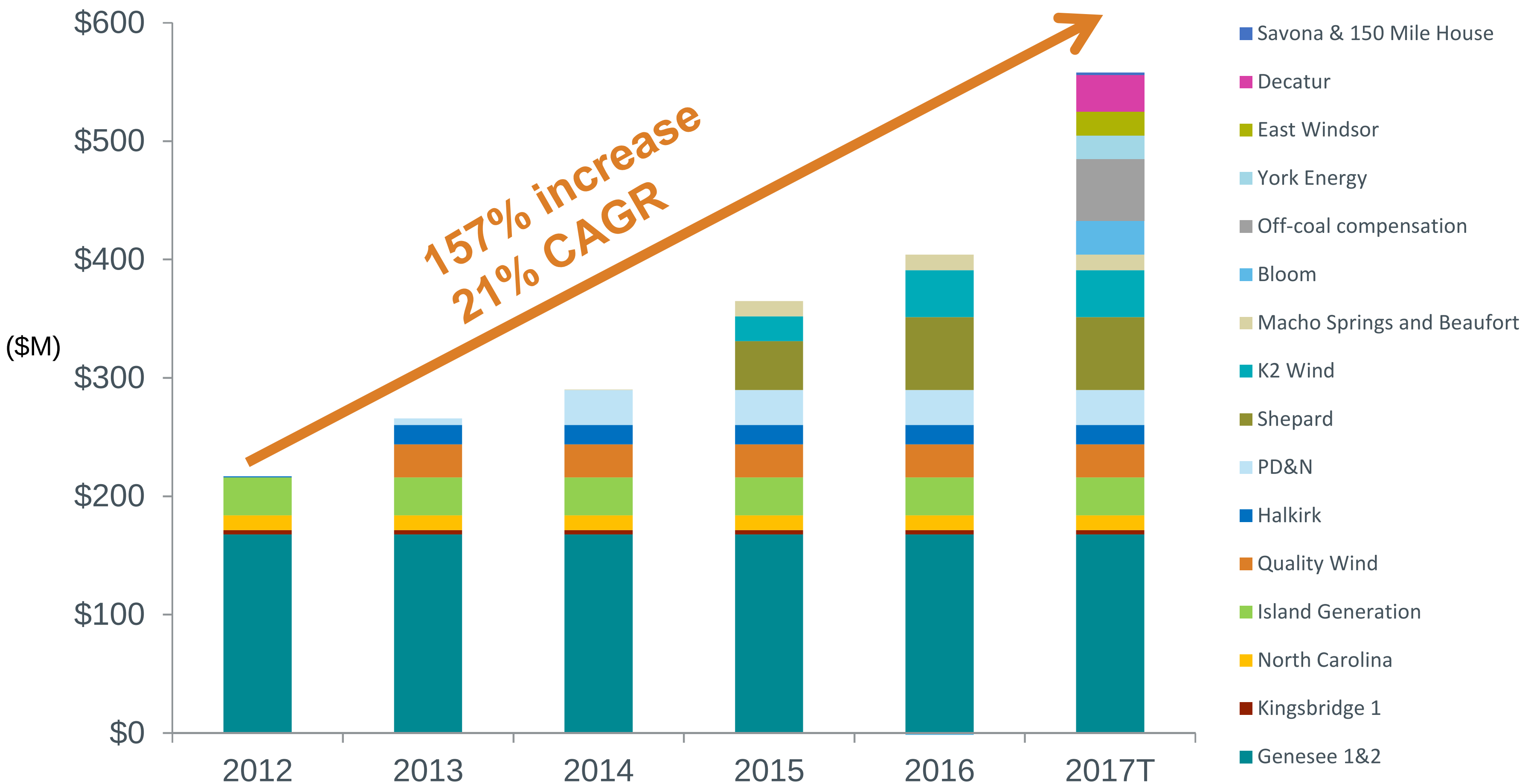
## ~43% of cash flow in 2017 expected to be discretionary cash flow




- Annual cash flow expected to increase ~24% in 2017
- Including off-coal compensation, generating ~$205M in discretionary cash flow (DCF)[1] to reinvest in growth opportunities

1) Discretionary cash flow (DCF) is a non-GAAP financial measure. DCF = FFO + off-coal compensation – sustaining capex (excluding GPS) – preferred dividends – common dividends.

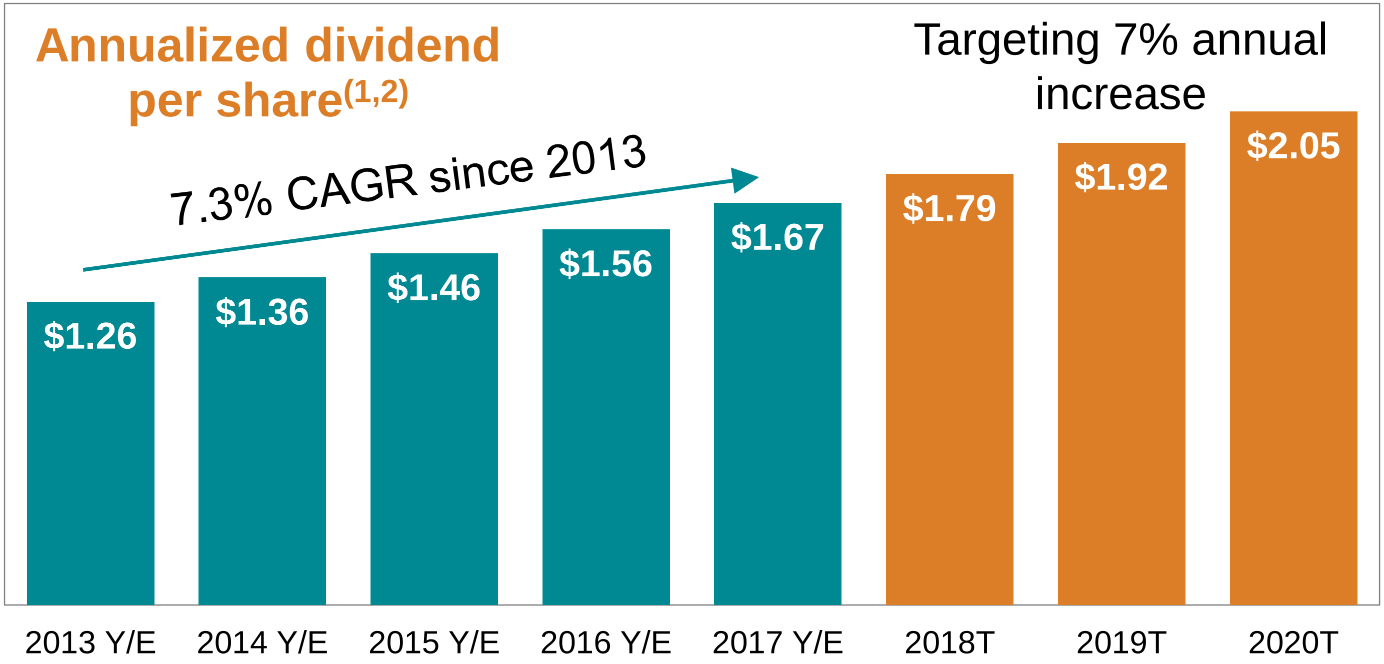
# Improving contracted adjusted EBITDA(1,2,3,4)




***Substantial expansion in contracted EBITDA from 2012-2017***

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

# Common share dividend guidance




- 7.1% increase to quarterly dividend ($0.39 to $0.4175) effective Q3/17
- Extended annual 7% dividend growth guidance for an additional two years, to the end of 2020
- AFFO payout ratio in 2017-2020 expected to be within a range of 45-55%

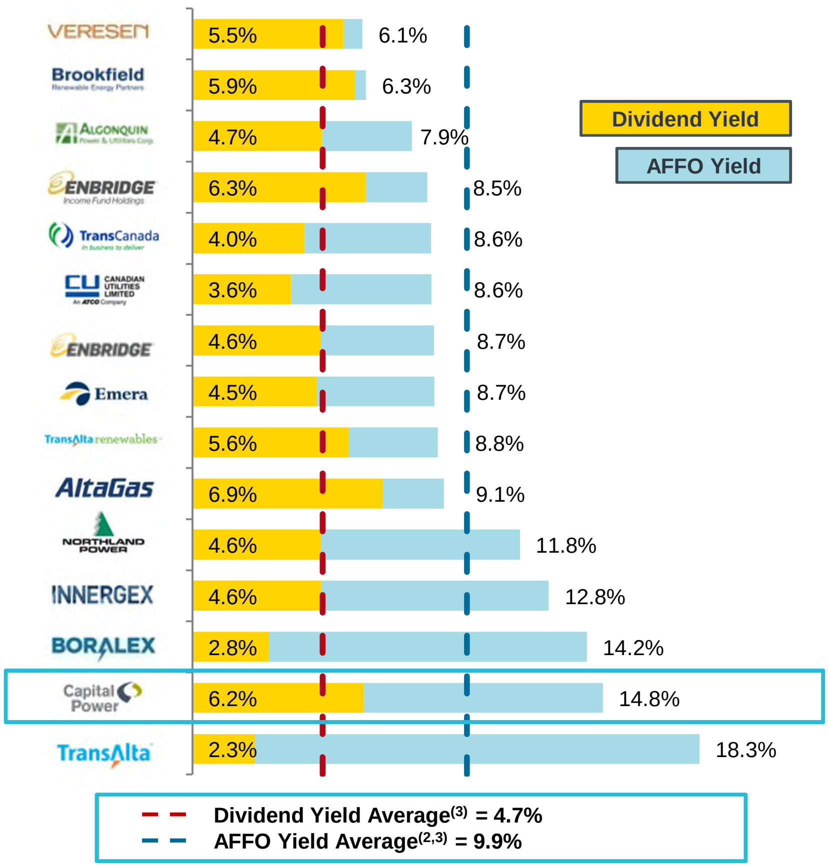
***Well positioned to deliver consistent annual dividend growth***

1) Subject to market conditions, economic outlook, cash flow forecast, and Board approval at the time.
2) 2013 to 2016 annualized dividend based on year-end quarterly common shares dividend declared. 2017 annualized dividend based on expected year-end.

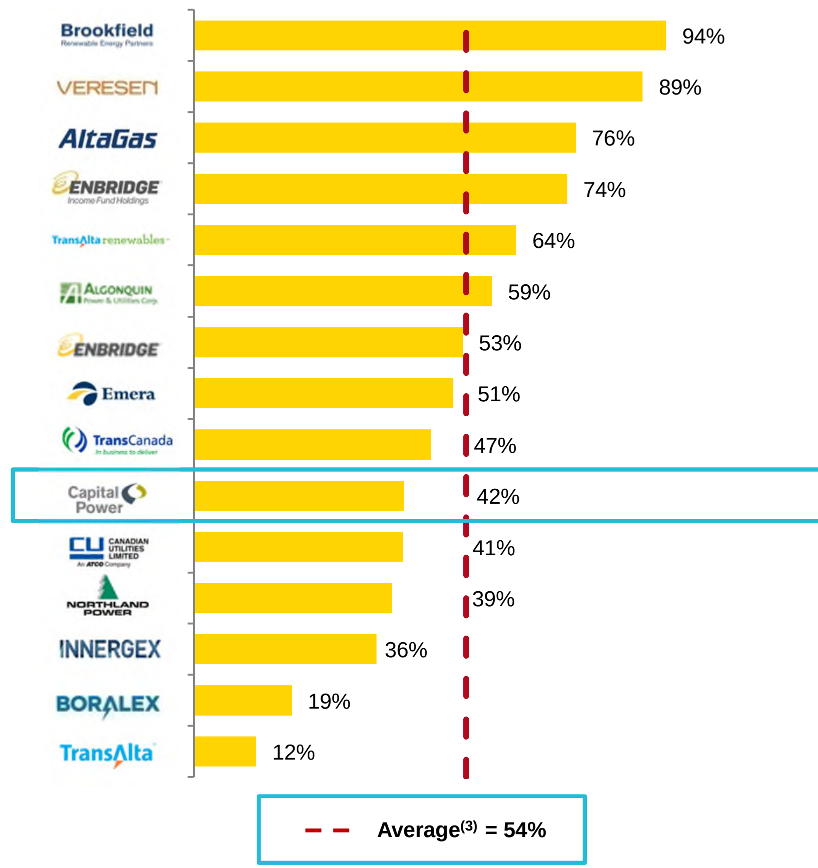
# Attractive yields relative to peers

## Capital Power's AFFO payout ratio is below peer average

**2018E Dividend & AFFO Yield[1,2]**



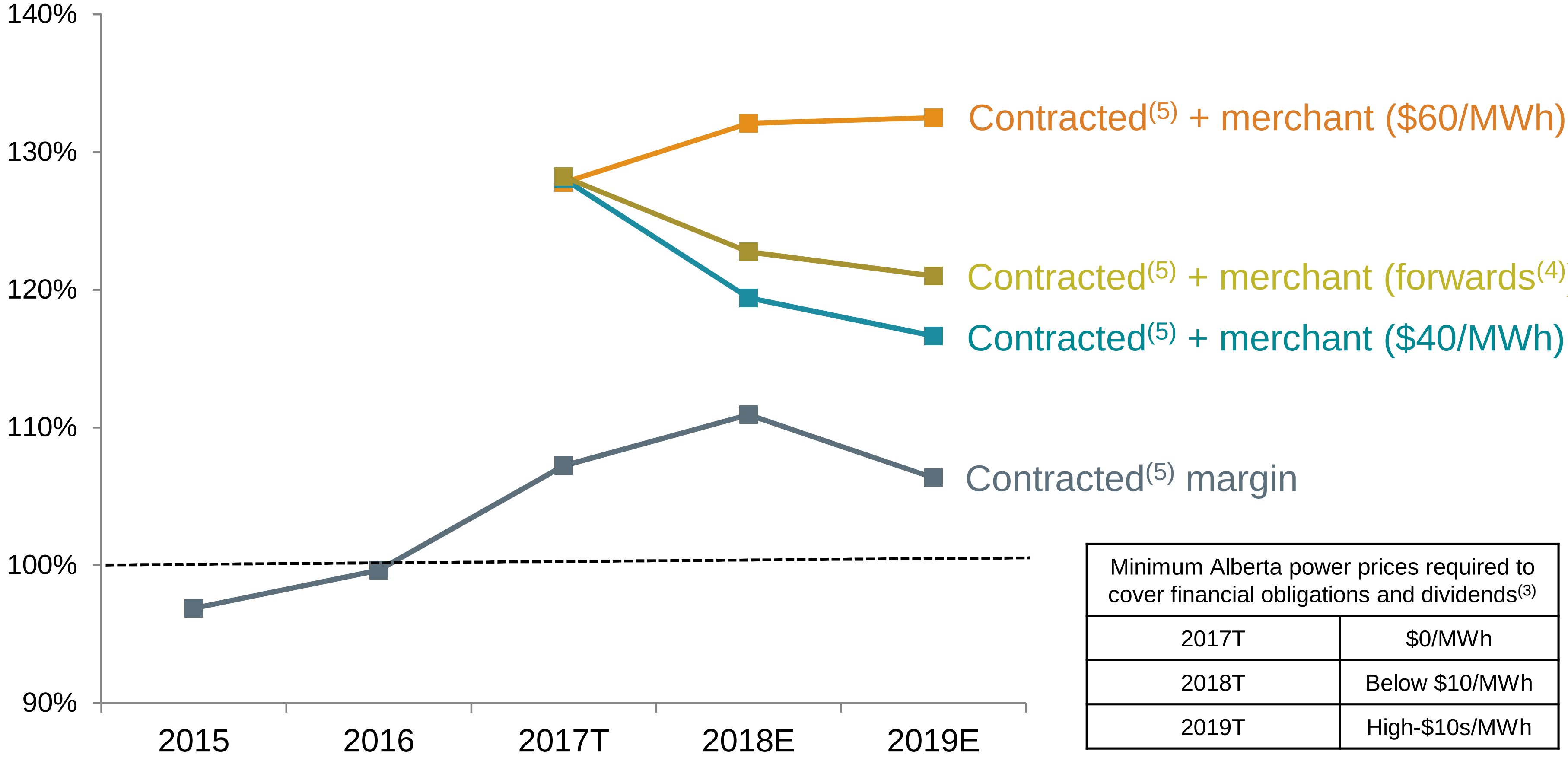

**2018E AFFO Payout Ratio[1,2]**




1) Source: FactSet as at May 17, 2017 and with assistance of CIBC World Markets Inc.
2) Based on consensus analyst estimates. Adjusted funds from operations (AFFO) calculated as cash flow from operations before working capital less maintenance capex and preferred dividends.
3) Averages exclude Capital Power.

# Financial obligations & dividends covered by contracted cash flow

## *Operating margin(1,6) to financial obligations(2) and dividends(3)*




| Minimum Alberta power prices required to cover financial obligations and dividends(3) | |
|---|---|
| 2017T | $0/MWh |
| 2018T | Below $10/MWh |
| 2019T | High-$10s/MWh |

1) Merchant margin is calculated using $40/MWh and $60/MWh and is based on hedged position as at June 30, 2017.
2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining contracted capital expenditures, project & tax-equity debt repayments, cash tax payable, and general & administration expenses.
3) Dividends include common and preferred dividends, including preferred dividend tax. Assumes consistent common dividend growth in 2017-19.
4) Forwards as of June 30, 2017
5) Includes off-coal compensation.
6) Includes finance lease principal payments.

# Cash flow and financing outlook

## Utilizing cash available for growth with recent acquisitions

| Sources of cash flow | 2017E ($M) |
|---|---|
| Funds from operations + off-coal compensation | $475 |
| Proceeds from tax-equity debt | $244 |
| Issuance of common shares | $175 |
| Issuance of preferred shares | $146 |
| | $1,040 |
| **Uses of cash flow** | |
| Dividends (common & preferred shares) | ($195) |
| Acquisition of York Energy, East Windsor, Savona, 150 Mile House | ($243) |
| Acquisition of Decatur Energy Center | ($603) |
| Bloom Wind capex | ($93) |
| Debt repayment[1] | ($30) |
| Genesee Performance Standard[2] | ($5) |
| Sustaining and maintenance capex | ($80) |
| | ($1,249) |
| **Deficit funded by credit facility draws** | **($209)** |

1) Excludes debt repayments to tax equity investor and equity accounted investment debt repayments.
2) Genesee Performance Standard (GPS) is a program to reduce $CO_2$ and improve coal plant efficiency. Total program costs of ~$30M.



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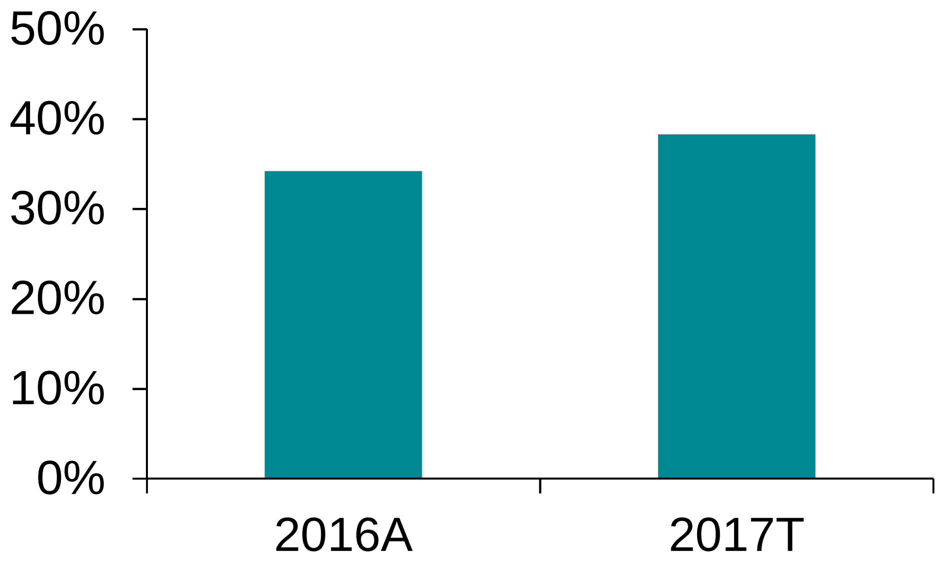
# Financial strength

## Strong balance sheet and investment grade credit rating

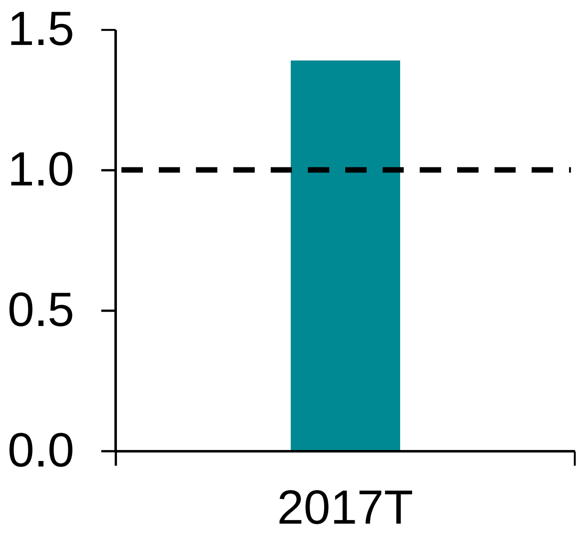
- Investment grade credit ratings by S&P and DBRS
- Continued to be well capitalized with capacity for leverage

| Agency | Ratings | Outlook |
|---|---|---|
| S&P | BBB- / P-3 | Stable |
| DBRS | BBB(low) / Pfd-3 (low) | Stable |

### Debt to total capitalization




### Corporate Liquidity(1)



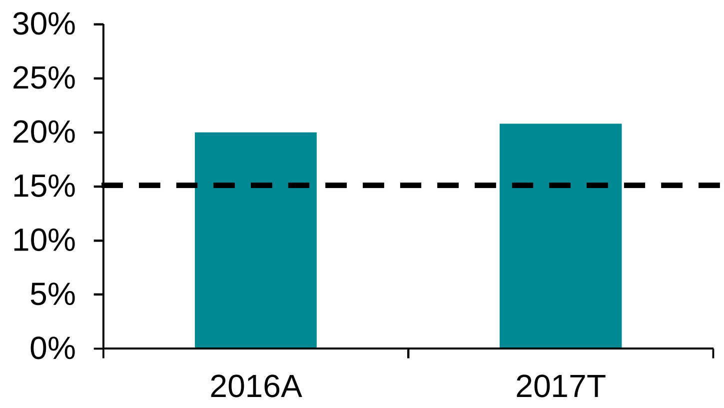

***Capital Power is committed to maintaining investment grade***

1) June 30, 2017 forward-looking estimate, includes issuance of $150M Series 9 Preferred Shares expected to close early August.

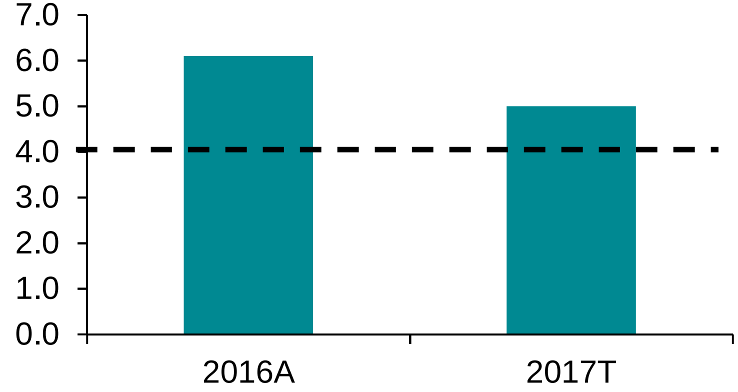
# Credit metrics

## *Within DBRS financial criteria for current rating*

Adj. Cash flow/Adj. Debt[1]

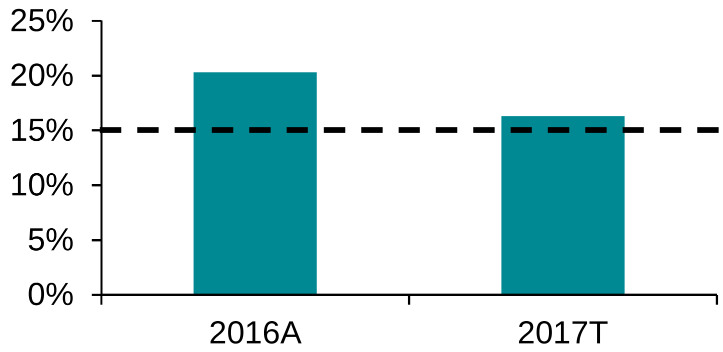



EBITDA/Adj. Interest

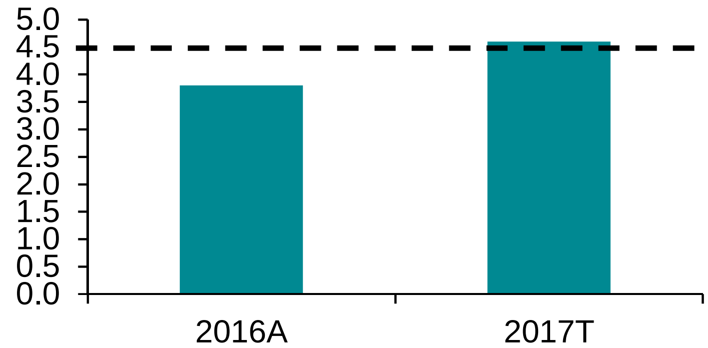



## *Within S&P financial criteria for investment grade rating*

Adj. FFO/Adj. Debt[1,2]




Adj. Debt/Adj. EBITDA[1,2]




1) Cash flow and adjusted EBITDA amounts include coal compensation in 2017.
2) Based on S&P's weighted average ratings methodology.

# Financial outlook

- Last half of 2017 will include full AFFO and EBITDA contributions from the acquisitions (Veresen's thermal power business, Decatur Energy) and Bloom Wind
- Q3/17 AFFO will include a $52.4M off-coal compensation payment
- Alberta Commercial baseload positions:

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| As of date | Jun 30/17 | | |
| % sold forward[(1)] | 66% | 45% | 29% |
| Contracted prices[(2)] ($/MWh) | High-$40 | Low-$50 | High-$40 |
| Avg. forward prices ($/MWh) | $45 | $46 | $47 |

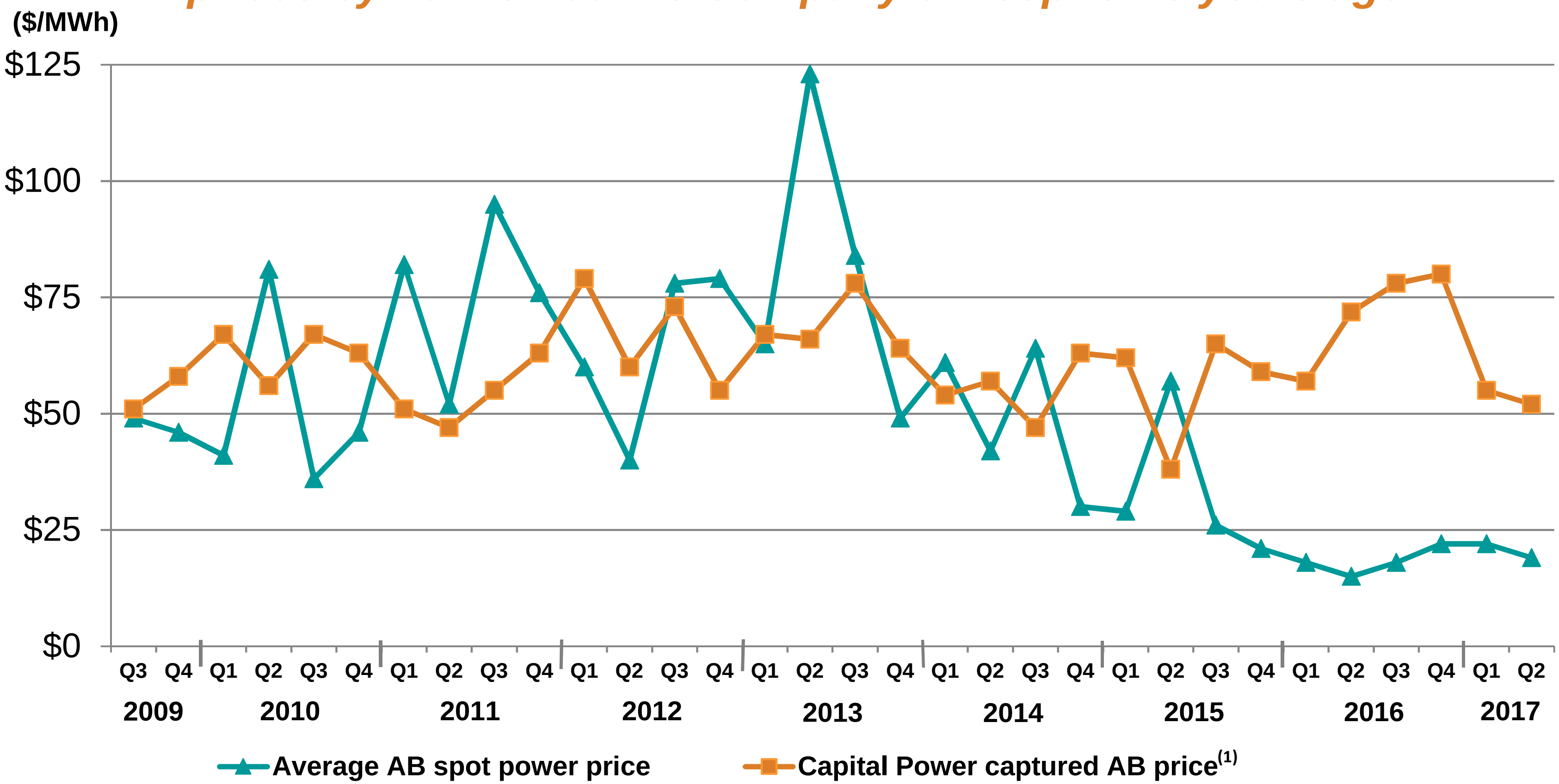
- 2018-20 forward prices have increased $6-$7 from Q1/17 due to higher-than-expected demand growth, retirement/mothballing of Sundance 1&2, and Balancing Pool's plan to terminate all Sundance PPAs

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.

# Alberta power market trading

- Portfolio optimization activities focused on managing exposure to commodity risks, reducing volatility and creating incremental value

***Average realized power prices[(1)] have exceeded spot power prices by 20% since the Company's inception 8 years ago***




1) Based on the Alberta baseload plants and the acquired Sundance PPA plus the uncontracted portion of Shepard Energy Centre baseload. Effective March 24, 2016, Sundance PPA is no longer a part of Capital Power's baseload generation due to termination of the Sundance PPA.



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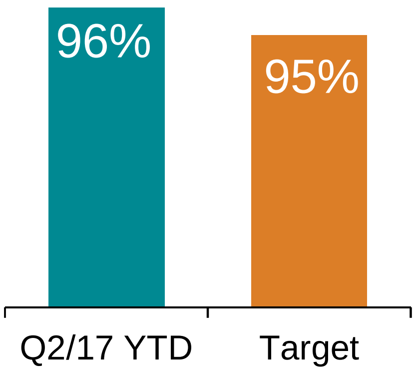
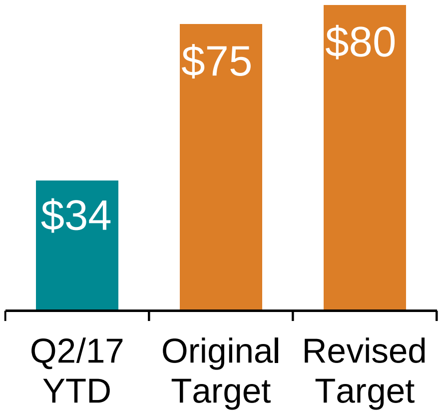
# Q2/17 YTD performance vs. annual targets

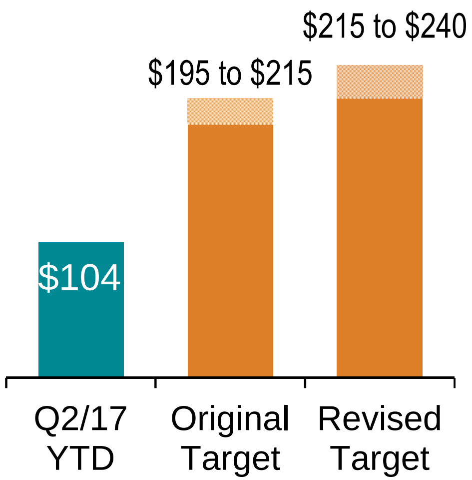
## Facility availability



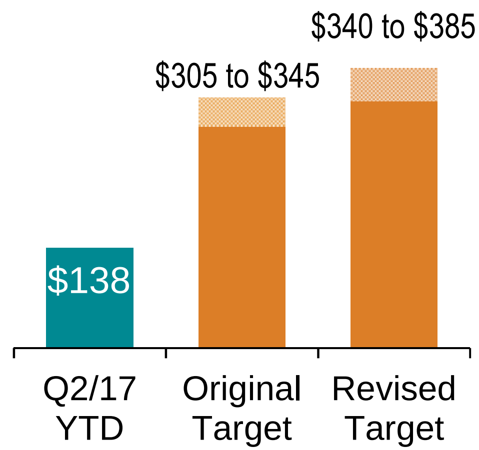

## Sustaining capex ($M)




## Facility O&M expenses ($M)




## AFFO ($M)




***2017 AFFO is on-track to achieve the mid-point of the revised annual target range of $340M to $385M***

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# Disciplined growth targets
## Bloom Wind and new developments

| 2017 Targets | Q2/17 Status |
|---|---|
| ▪ Complete Bloom Wind on time and on budget for COD in Q3/17 | √ Project completed ahead of schedule with construction costs below budget |
| ▪ Execute contracts for the output of two new developments | ▪ On track with target – progress being made on Alberta and U.S. development sites |

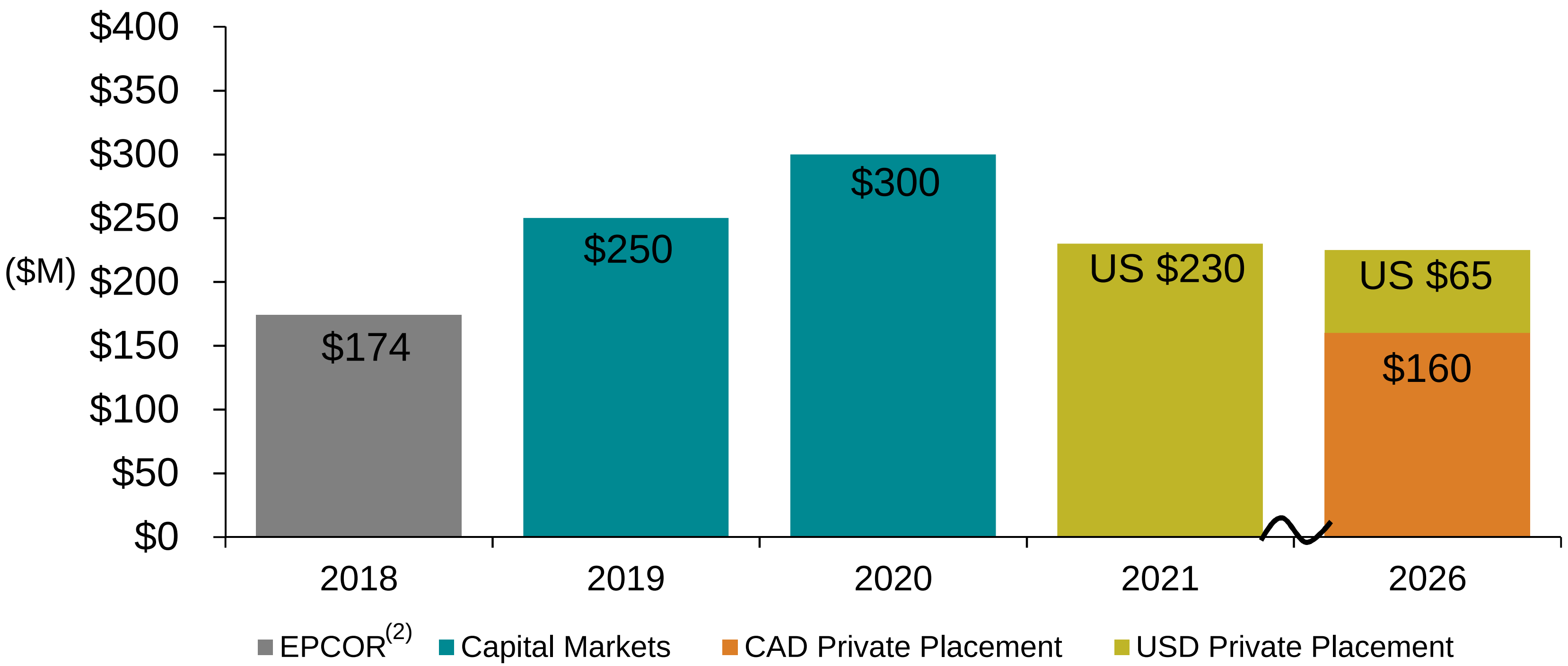

# Attractive investment opportunity

- **Leverage to Alberta power market** – ownership interest in the most competitive fleet of assets with a solid track record of value-added portfolio optimization trading
- **Executing on growth** – well-positioned for success in the renewables opportunities in Alberta and a strong pipeline of growth opportunities in the U.S.
- **Increasing long-term contracted Adjusted EBITDA profile** – targeting 80% in 2017 from 66% in 2016
- **Diversification** – continue to grow contracted cash flows outside of Alberta providing geographical diversification
- **Financial coverage** – maintain 100% coverage of financial obligations and dividends from a growing base of contracted cash flows
- **Attractive income profile** – approximate 6% dividend yield with a 7% annual dividend growth target to 2020

# Appendices

# Debt maturity schedule[1]

## $1B in committed credit facilities renewed with 5-year tenor maturing 2022, of which ~$778M available in 2017[1]




***Well spread-out debt maturities are supported by long asset lives***

1) Debt amount as of July 31, 2017 excludes non recourse debt, credit facility debt, and tax-equity financing. Amount available on credit facilities as of July 31, 2017.
2) EPCOR callable debt of $174 million is shown based on maturity dates in 2018.

# Summary of assets

| | Alberta Contracted | | Alberta Commercial | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Genesee 1** | **Genesee 2** | **Genesee 3** | **Keephills 3** | **Joffre** | **Clover Bar Energy Centre** | **Clover Bar Landfill** | **Halkirk** | **Shepard Energy Centre** |
| **Capacity** | 430 MW | 430 MW | 516 MW | 516 MW | 480 MW | 243 MW | 5 MW | 150 MW | 800 MW |
| **% owned / operated** | 100 / 100 | 100 / 100 | 50 / 100 | 50 / 0 | 40 / 0 | 100 / 100 | 100 / 100 | 100 / 100 | 50% / 0% |
| **Location** | Warburg | Warburg | Warburg | Wabamun | Joffre | Edmonton | Edmonton | Halkirk | Calgary |
| **Fuel & equipment** | Coal (50% ownership of coal mine) | Coal (50% ownership of coal mine) | Coal (50% ownership of coal mine) | Coal | Natural gas (Combined cycle cogeneration) | Natural gas (Two 100 MW GE LMS100 turbines; 43 MW GE LM6000) | Landfill gas | Vestas wind turbines | Natural gas (Combined cycle; two Mitsubishi G-Class natural gas turbines; steam turbine) |
| **Commercial Operations** | 1994 | 1989 | 2005 | 2011 | 2000 | Unit 1 in 2008; units 2&3 in 2009 | 2005 | 2012 | 2015 |
| **PPA Expiry** | 2020 | 2020 | Merchant | Merchant | Primarily merchant with some revenues under contract | Merchant | Merchant | Large portion of total revenues from 20-year REC sale agreement / Merchant | 20-year tolling agreement on 50% of Capital Power's output |

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# Summary of assets

| | Ontario & British Columbia Contracted | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Island Generation** | **Quality Wind** | **Savona** | **150 Mile House** | **Port Dover & Nanticoke** | **Kingsbridge 1** | **K2 Wind** | **York Energy** | **East Windsor** |
| **Capacity** | 275 MW | 142 MW | 5 MW | 5 MW | 105 MW | 40 MW | 270 MW | 400 MW | 84 MW |
| **% owned / operated** | 100 / 100 | 100 / 100 | 100 / 0 | 100 / 0 | 100 / 100 | 100 / 100 | 33.3% owned | 50 / 100 | 100 / 100 |
| **Location** | Campbell River, BC | Tumbler Ridge, BC | BC | BC | Counties of Norfolk and Haldimand, Ontario | Goderich, Ontario | Ashfield-Colborne-Wawanosh, Ontario | Township of King, Ontario | Windsor, Ontario |
| **Fuel & equipment** | Natural gas (Combined cycle - Alstom GT24B gas turbine & Alstom steam turbine) | Vestas wind turbines | Waste Heat | Waste Heat | Vestas wind turbines | Vestas wind turbines | Siemens wind turbines | Natural gas (Simple cycle; two Siemens SGT6-5000F combustion turbine generators) | Natural gas (Cogeneration; two GE LM 6000PD turbines) |
| **Commercial Operations** | 2002 | 2012 | 2008 | 2008 | 2013 | 2006, 2001 | 2015 | 2012 | 2009 |
| **PPA Expiry** | 2022 | 2037 | 2028 | 2028 | 2033 | 2026 / 2027 | 2035 | 2032 | 2029 |

# Summary of assets

| | U.S. Contracted | | | | | |
|---|---|---|---|---|---|---|
| | **Roxboro** | **Southport** | **Macho Springs** | **Beaufort Solar** | **Decatur** | **Bloom Wind** |
| **Capacity** | 46 MW | 88 MW | 50 MW | 15 MW | 795 MW | 178 MW |
| **% owned / operated** | 100 / 100 | 100 / 100 | 100 / 100 | 100 (sale & leaseback) / 100 | 100 / 100 | 100 / 100 |
| **Location** | Roxboro, North Carolina | Southport, North Carolina | Luna County, New Mexico | Beaufort County, North Carolina | Decatur, Alabama | Ford and Clark Counties, Kansas |
| **Fuel & equipment** | Mixture of wood residuals, tire-derived fuel and coal | Mixture of wood residuals, tire-derived fuel and coal | Vestas wind turbines | Solar | Natural gas (Combined cycle; 3X1 CCGT Siemens 501FD2 combustion turbines) | Vestas wind turbines |
| **Commercial Operations** | 1987 | 1987 | 2011 | 2015 | 2002 | 2017 |
| **PPA Expiry** | 2021 | 2021 | 2031 | 2030 | 2022 | 2027 |

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# Projects under development/construction

| | Alberta Commercial | Alberta Contracted | |
|---|---|---|---|
| | **Genesee 4&5** | **Halkirk 2** | **Whitla Wind** |
| **Capacity** | Up to 1,060 MW | 150 MW | 300 MW |
| **% owned / operated** | 50 / 100 | 100 / 100 | 100 / 100 |
| **Location** | Warburg | Halkirk | Medicine Hat |
| **Fuel & equipment** | Combined-cycle natural gas (Mitsubishi J-Class natural gas turbine technology) | Wind | Wind |
| **Commercial Operations** | To be determined | | |
| **PPA Expiry** | 8-year tolling arrangement with ENMAX for 50% of Capital Power's share of the output. | | |
| **Expected Capital Cost** | $1.4B for total project (excluding interest during construction and refundable transmission system contribution payments) | | |



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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 its joint venture interests, and gains or losses on disposals (adjusted EBITDA), (ii) adjusted 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.

Reconciliations of these non-GAAP financial measures are contained in the Company's Management's Discussion and Analysis prepared as of July 25, 2017 for the second quarter 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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# 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 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,
- the impact of the transition to a capacity market on the Company's future growth projects including the Genesee 4 and 5 project,
- expectations pertaining to the financial impacts of the acquisition of the Veresen thermal facilities, including expected impacts to adjusted funds from operations and adjusted EBITDA,
- expectations pertaining to the amendment of the Genesee Coal Mine Joint Venture Agreement regarding reduction to Capital Power's cost of coal and expected enhancements to the Company's net income, adjusted EBITDA, net cash flows from operating activities and adjusted funds from operations,
- expectations pertaining to the acquisition of Decatur Energy (see Significant Events) regarding: (i) financing plans for the acquisition, (ii) financial impacts including expected impacts to adjusted funds from operations and adjusted EBITDA, and (iii) re-contracting of the facility, and
- impacts of future IFRS standards and amendments.

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 including its review of purchased businesses and assets. 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,
- other matters discussed under the Performance Overview and Outlook, and
- anticipated performance of the acquired Veresen thermal facilities and Decatur Energy.

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, market structure 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,
- ability to realize the anticipated benefits of the acquisitions,
- limitations inherent in the Company's review of purchased business and assets, 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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