Capital Power overview

- Growth-oriented North American IPP with ownership interest in 18 facilities in Canada and the U.S. totaling more than 3,200 MW
- Young and modern fleet of assets; strong pipeline of contracted growth opportunities in AB and the U.S.
- Proven operating, development, construction, & risk management expertise
- Strong balance sheet and financial flexibility to fund growth
- Strong and stable contracted cash flow to support dividend growth\(^1\)
- TSX (CPX); market cap of $2.5B\(^2\); average daily trading of ~550K\(^2\) shares

---

1) Subject to Board approval.
Proven track record of high fleet availability

Average facility availability of 94% in the past 5 years

Operational performance

Generation (GWh)

- 2012: 91%
- 2013: 93%
- 2014: 95%
- 2015: 95%
- 2016: 94%

- 2012: 16,000
- 2013: 16,000
- 2014: 12,000
- 2015: 16,000
- 2016: 16,000

Generation: Orange bars
Average facility availability: Blue line

Capital Power
Updates on Alberta electricity market
Alberta’s Climate Leadership Plan (CLP)

- Compensation for phase-out of coal facilities by 2030
- Carbon competitiveness regulation (carbon tax)
- Renewables to replace coal-fired retirements
- Transition to a capacity market from current energy-only market
Coal compensation
Coal phase-out agreement with AB Government

Capital Power will receive
- 14 annual payments of $52.4M totaling $734M
- Annual payments start July 31, 2017 through to July 31, 2030
- Based on proposed NBV adjusted for consideration of potential for non-stranded assets

Conditions and Obligations
- Coal plants cease coal-fired emissions on or before Dec 31, 2030
- Spend $1M minimum each calendar year and $70M in total over the 14-year period on electricity business investments in Alberta (new capital investments, sustaining & major maintenance capex)
- Maintain a continual significant business presence in Alberta (head office, 200 employees, participate in electricity market)
Coal compensation

Accounting implications

- Annual cash compensation payment of $52.4M will be recognized under ‘other income’ and as a component of adjusted EBITDA\(^{1}\)

- Net income and EPS will reflect the difference between the coal compensation received and accelerated depreciation due to shortened useful lives of certain components of our coal assets
  - Economics associated with coal to gas conversion will also extend asset lives by 15 years beyond 2030
  - Depreciation expense expected to increase by up to $27M\(^{2}\) annually
  - Net impact to EPS expected to approximately $0.19 per share

Compensation is a contracted source of cash flow for the next 14 years

---

1) Adjusted EBITDA is a non-GAAP financial measure.
2) Based on current assets. Does not reflect assumptions regarding future capex investment.
Carbon competitiveness regulation

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance regulation</td>
<td>SGER</td>
<td>CCR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance requirement</td>
<td>20%</td>
<td>55% to 65%</td>
<td>(Down to best gas standard)</td>
<td></td>
</tr>
<tr>
<td>Market compliance cost ($/tonne)</td>
<td>$30 (assumed to remain flat until post 2025)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 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 (~$55 to $60/MWh) as opposed to under the PPA (~$40/MWh)

*Use of existing offset credits and higher pool prices will more than offset higher compliance costs through 2020*
Carbon tax – cost of coal compliance

Cost of compliance versus tax

Lower compliance costs achieved by offset development & procurement strategies and lower GHG intensities
## Alberta’s coal fleet

Retirements under the federal Capital Stock Turnover (CST) and Alberta’s Climate Leadership Plan (CLP) regulations

<table>
<thead>
<tr>
<th>Facility</th>
<th>AESO Maximum Capacity (MW)</th>
<th>Age in 2017 (years)</th>
<th>End of Life (CST &amp; CLP)</th>
<th>Remaining coal life (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battle River 3</td>
<td>149</td>
<td>48</td>
<td>2019</td>
<td>2</td>
</tr>
<tr>
<td>Sundance 1</td>
<td>288</td>
<td>47</td>
<td>2019</td>
<td>2</td>
</tr>
<tr>
<td>H.R. Milner</td>
<td>144</td>
<td>45</td>
<td>2019</td>
<td>2</td>
</tr>
<tr>
<td>Sundance 2</td>
<td>288</td>
<td>44</td>
<td>2019</td>
<td>2</td>
</tr>
<tr>
<td>Battle River 4</td>
<td>155</td>
<td>42</td>
<td>2025</td>
<td>8</td>
</tr>
<tr>
<td>Sundance 3</td>
<td>368</td>
<td>41</td>
<td>2026</td>
<td>9</td>
</tr>
<tr>
<td>Sundance 4</td>
<td>406</td>
<td>40</td>
<td>2027</td>
<td>10</td>
</tr>
<tr>
<td>Sundance 5</td>
<td>406</td>
<td>39</td>
<td>2028</td>
<td>11</td>
</tr>
<tr>
<td>Sundance 6</td>
<td>401</td>
<td>37</td>
<td>2029</td>
<td>12</td>
</tr>
<tr>
<td>Battle River 5</td>
<td>385</td>
<td>36</td>
<td>2029</td>
<td>12</td>
</tr>
<tr>
<td>Keephills 1</td>
<td>395</td>
<td>34</td>
<td>2029</td>
<td>12</td>
</tr>
<tr>
<td>Keephills 2</td>
<td>395</td>
<td>33</td>
<td>2029</td>
<td>12</td>
</tr>
<tr>
<td>Sheerness 1</td>
<td>400</td>
<td>31</td>
<td>2030</td>
<td>13</td>
</tr>
<tr>
<td>Genesee 2</td>
<td>400</td>
<td>28</td>
<td>2030</td>
<td>13</td>
</tr>
<tr>
<td>Sheerness 2</td>
<td>390</td>
<td>27</td>
<td>2030</td>
<td>13</td>
</tr>
<tr>
<td>Genesee 1</td>
<td>400</td>
<td>23</td>
<td>2030</td>
<td>13</td>
</tr>
<tr>
<td>Genesee 3(^1)</td>
<td>466</td>
<td>12</td>
<td>2030</td>
<td>13</td>
</tr>
<tr>
<td>Keephills 3(^1)</td>
<td>463</td>
<td>6</td>
<td>2030</td>
<td>13</td>
</tr>
</tbody>
</table>

Subcritical - Old

Subcritical - New

Supercritical

### Capital Power has the youngest coal fleet at an average capacity-weighted age of 19.4 years

1) Capital Power and TransAlta Corporation are 50% owners on Genesee 3 and Keephills 3.
Coal variable cost assumptions

Components of variable cost for coal units - $30 carbon levy

Variable Cost ($/MWh)

*Subcritical Old is pre-1980
Federal environmental regulations
Regulations provide opportunity for coal to gas conversion

- Plans to amend regulations requiring all coal-fired generation to meet an emissions limit of 420 tonnes of CO$_2$ per GWh by no later than 2030 matching Alberta’s CLP
- Converted natural gas plants from coal allowed to emit 550 t/GWh for 15 years to 2045, whichever comes first then drops to 420t/GWh
- Coal to gas conversion provides opportunity to extend Capital Power’s coal units out to 2045

Genesee plant will continue to be an industry-leading generation facility

- Unit competitive advantages (age/condition/availability/heat rate/etc.) maintained on gas fuel conversion
- Estimated cost for simple gas conversion is $25M-$50M/unit
- Converted units start-up similar to coal/ramping capability smoother
- Significantly lower O&M cost expected post gas conversion
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
- AESO confirmed details
  - 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 REP 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
Alberta Climate Leadership Plan
Transition to a capacity market from energy-only market

- Government committed to ensuring that existing investments would be treated fairly, and the 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
  - Properly designed and implemented, Capital Power should be able to realize on its proven competencies in the new market

- Generally positive for coal and natural gas conversions
Capacity market

- 2019 first round with delivery target for 2021
  - Eligible for auction likely limited to existing capacity
- Existing investments to participate in a capacity market – a level playing field will be maintained

“… Power companies in Alberta have my word that the new market framework will continue to promote a level playing field for investors …”

(Alberta Energy Minister - Margaret McCuaig-Boyd, Nov 23/16)

Capacity
- Everyone bids – clearing price set

Energy
- Must offer - clearing price set

Total
- Combined price likely similar to energy only market
- Less volatility

Key is the lowest cost/most efficient = Best margins
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
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

- 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

Alberta Energy Prices

1) Power and gas forecasts represent the average forecasts of three leading 3rd party consulting firms as of Jan 2017.
2) Forwards as of Feb 2017.
**Alberta demand**

**Alberta demand showing recovery**

- 3 consecutive months (November 2016 – January 2017) of positive normalized load growth
- January 2017 growth is the highest since August 2015

*Alberta Load Growth* (1)

1) Alberta Internal Load normalized for weather. Source: Capital Power.
Alberta opportunity set
Significant investment required over the next 14 years

- Up to $20 billion
- 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
Halkirk 2

- 150 MW wind facility on 18,000 acres next to the existing Halkirk facility
- Expect 37% - 39% capacity factor
- Investment of ~$300M
- Available transmission
- Locational advantage with wind diversity resulting in expected higher capture factor
Whitla Wind

- Location: Near Medicine Hat in south eastern Alberta
- 300 MWs on 33,000 acres
- Expect 38% - 41% capacity factor
- Available transmission
Genesee 4&5

- Joint venture partner with ENMAX to develop, construct, own, and operate the 1,060 MW natural gas-fired combined cycle facilities
- 8-year tolling agreement with ENMAX for 50% of Capital Power’s share of the output
- All major regulatory approvals received to proceed with construction
  - Capital Power will lead the construction project and be the operator
- Full notice to proceed (FNTP) decision deferred until there is further market clarity and new generation is required in Alberta to balance supply and demand

Continue to maintain Genesee 4&5 optionality
Agreement to acquire two gas-fired generation facilities and two waste heat assets from Veresen Inc.

-$500M purchase price subject to closing adjustments, and includes assumption of $275M of non-recourse debt

Cash portion 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

East Windsor Cogen Centre
Capacity: 84 MW
COD: 2009
PPA Expiry: 2029

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

Other growth in Canada
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

Other growth in Canada
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** – credit ratings and outlook have been affirmed

*Contracted EBITDA expected to increase ~8% in 2017*
Growth opportunities

Acquire or develop contracted opportunities across the U.S.
Production Tax Credits (PTC) extension

- PTC extended with phase-out beginning in 2017
- Projects needed to have started construction by end of 2016 to qualify for full tax credits
- Treasury Secretary Mnuchin has indicated PTC phase-out will not be altered as part of US tax reform

2016 IRS Guidance

- Developers have 4 years from commencing construction to reach COD
- Projects commenced in 2016 will have until the end of 2020 to complete construction while maintaining the full PTC

We have preserved PTC qualification with construction of project-specific transformers in 2016
Bloom Wind

- 178 MW wind farm consisting of 54 Vestas V117-3.3 MW turbines
- 10-year fixed price contract covering 100% of the output, with Allianz Risk Transfer (rated AA- (stable) by S&P’s), a subsidiary of Allianz SE, a worldwide insurance and asset management group
- Under the contract, Capital Power will swap market revenue of Bloom’s generation for a fixed annual payment for a 10-year term, securing long-term predictable revenues and mitigate generation volume uncertainty related to wind resources
- Tax equity investment by Goldman Sachs Alternative Energy Group
- Construction began in Q3/16 with COD targeted in Q3/17

Bloom Wind is our first wind development project in the U.S. renewables market with others to follow
Financial strategy

Maintain investment grade credit rating

Ensure economic discipline in growth

Ensure stable dividend growth

Manage financing risk

Maintain ongoing access to cost competitive capital to fund growth throughout business cycle
## 3-year financial performance

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>$1,218</td>
<td>$1,241</td>
<td>$1,214</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$423</td>
<td>$482</td>
<td>$520</td>
</tr>
<tr>
<td><strong>Basic earnings per share</strong></td>
<td>$0.28</td>
<td>$0.70</td>
<td>$0.91</td>
</tr>
<tr>
<td><strong>Normalized earnings per share</strong></td>
<td>$0.72</td>
<td>$1.15</td>
<td>$1.22</td>
</tr>
<tr>
<td><strong>Funds from operations</strong></td>
<td>$362</td>
<td>$400</td>
<td>$384</td>
</tr>
<tr>
<td><strong>Dividends declared</strong></td>
<td>$1.31</td>
<td>$1.41</td>
<td>$1.51</td>
</tr>
</tbody>
</table>

### Year-over-year increases in Adjusted EBITDA and Normalized EPS
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
AB commercial portfolio positions
Alberta Commercial baseload positions

<table>
<thead>
<tr>
<th>As of Dec 31/16</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage sold forward</td>
<td>100%</td>
<td>53%</td>
<td>40%</td>
</tr>
<tr>
<td>Average contracted prices(^{(1)}) ($/MWh)</td>
<td>Mid-$40</td>
<td>Low-$50</td>
<td>Low-$50</td>
</tr>
<tr>
<td>Average forward prices ($/MWh)</td>
<td>$32</td>
<td>$39</td>
<td>$41</td>
</tr>
</tbody>
</table>

- Potential to capture market upside with peaking and wind facilities

---

1) 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.

*Baseload merchant exposure fully hedged in 2017*
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 17% since the Company’s inception 7 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.
Continued strong cash flow generation

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

- Annual cash flow expected to increase ~18% in 2017
- Including off-coal compensation, generating ~$195M in discretionary cash flow (DCF\(^\text{(1)}\)) to reinvest in growth opportunities

---

1) Discretionary cash flow (DCF) is a non-GAAP financial measure. DCF = FFO + coal compensation – sustaining capex – preferred dividends – common dividends.
Improving contracted EBITDA\(^{(1,2,3,4)}\)

Substantial expansion in contracted EBITDA from 2010-2017

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.
EBITDA increasingly derived from contracted assets

1) EBITDA includes off-coal compensation and excludes G&A costs.
2) Shepard and Halkirk have been split into contracted and merchant components.
3) Capital Power’s share of EBITDA for all assets.
Target annual dividend increases

- Annual 7% dividend growth guidance to 2018
- Expect to generate ~$340M in AFFO in 2017
- AFFO payout ratio averages ~50% from 2016 to 2018
- Pipeline of opportunities to expand contracted footprint throughout North America

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.
1) Merchant margin is calculated using $40/MWh and $60/MWh and is based on hedged position as at December 31, 2016.

2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining contracted capital expenditures and general & administration expenses.

3) Dividends include common and preferred dividends. Assumes consistent common dividend growth in 2017-18.

4) Forwards as of December 31, 2016.

5) Includes off-coal compensation and assumes assets acquired from Veresen in Q2/17.

Minimum Alberta power prices required to cover financial obligations and dividends:

<table>
<thead>
<tr>
<th>Year</th>
<th>Required Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017T</td>
<td>$0/MWh</td>
</tr>
<tr>
<td>2018T</td>
<td>Below $10/MWh</td>
</tr>
<tr>
<td>2019T</td>
<td>Low-$10/MWh</td>
</tr>
</tbody>
</table>
# Cash flow and financing outlook

Generating surplus cash after dividends and sustaining CAPEX

<table>
<thead>
<tr>
<th>Sources of cash flow ($M)</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds from operations + coal compensation</td>
<td>$455</td>
</tr>
<tr>
<td>Proceeds from tax-equity debt</td>
<td>$235</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of cash flow ($M)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends (common shares)</td>
<td>$(155)</td>
</tr>
<tr>
<td>Dividends (preferred shares)</td>
<td>$(30)</td>
</tr>
<tr>
<td>Debt repayment</td>
<td>$(30)</td>
</tr>
<tr>
<td>Genesee Performance Standard &lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>$(10)</td>
</tr>
<tr>
<td>Sustaining and maintenance capex</td>
<td>$(75)</td>
</tr>
</tbody>
</table>

**Cash available for growth** $390

- Acquisition of York Energy, East Windsor and EnPower $(225)
- Anticipated growth capex $(165)

---

1) Genesee Performance Standard (GPS) is a program to reduce CO2 and to improve coal plant efficiency. Total program costs of ~$30M.

---

Currently utilizing internal cash for growth
Financing of growth opportunities
Existing financial capabilities and potential financing options

- Strong balance sheet driven by
  - Recent financings
  - Extension of credit facilities
- ~57% ($195M) of Adjusted funds from operations (AFFO) is discretionary cash flow\(^1\) available for allocation to support development and acquisition opportunities in 2017
- Flexibility to raise equity, if required
- Updated our hurdle rate for contracted growth opportunities reflecting lower cost of capital

Reduced spreads by 150 bps due to reduced risk in AB market and completion of private placement financing

---

1) Discretionary cash flow (DCF) is a non-GAAP financial measure.
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

<table>
<thead>
<tr>
<th>Agency</th>
<th>Ratings</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB- / P-3</td>
<td>Stable</td>
</tr>
<tr>
<td>DBRS</td>
<td>BBB / Pfd-3 (low)</td>
<td>Negative</td>
</tr>
</tbody>
</table>

Debt to total capitalization

Corporate Liquidity\(^{(1)}\)

Capital Power is committed to maintaining investment grade

---

\(^{(1)}\) February 23, 2017 forward-looking estimate.
Credit metrics

Above DBRS financial criteria for current rating

Adj. Cash flow/Adj. Debt\(^{(1)}\)

![Bar chart showing Adj. Cash flow/Adj. Debt for 2016 and 2017T]

- 0% 10% 20% 30%
- 2016 2017T

EBITDA/Adj. Interest

![Bar chart showing EBITDA/Adj. Interest for 2016 and 2017T]

- 0.0 1.0 2.0 3.0 4.0 5.0 6.0 7.0
- 2016 2017T

Within S&P financial criteria for investment grade rating

Adj. FFO/Adj. Debt\(^{(1,2)}\)

![Bar chart showing Adj. FFO/Adj. Debt for 2016 and 2017T]

- 0% 5% 10% 15% 20%
- 2016 2017T

Adj. Debt/Adj. EBITDA\(^{(1,2)}\)

![Bar chart showing Adj. Debt/Adj. EBITDA for 2016 and 2017T]

- 0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 4.0 4.5
- 2016 2017T

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

Strong financial base
Adjusted funds from operations\(^{(1)}\)

**Purpose of new metric**

- Reflects cash available to sustain common dividends and to fund future investment opportunities
- Includes coal compensation, which is a source of cash inflow for the next 14 years

\[
\text{AFFO}^{(1)} \text{ defined as:}
\]

<table>
<thead>
<tr>
<th>Funds from operations (as previously defined(^{(1)}))</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Coal compensation received annually</td>
</tr>
<tr>
<td>- Sustaining and maintenance capital expenditures</td>
</tr>
<tr>
<td>- Preferred dividends paid annually</td>
</tr>
</tbody>
</table>

Will begin providing guidance on the basis of AFFO starting for 2017

---

1) Adjusted funds from operations (AFFO) and Funds from operations (FFO) are non-GAAP financial measures.
### Financial guidance

Adjusted funds from operations (AFFO)\(^{(1)}\) target

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017T</th>
</tr>
</thead>
<tbody>
<tr>
<td>$265</td>
<td>$316</td>
<td>$306</td>
<td>$340</td>
</tr>
</tbody>
</table>

1. Adjusted funds from operations and Discretionary cash flow are non-GAAP financial measures.
2. 2017 AFFO target is the approximate midpoint of the $320M - $365M guidance range. Assumes assets acquired from Veresen in Q2/17.

#### Cash available for common share dividends and growth

*Gross common dividends  
Discretionary cash flow\(^{(1)}\)*
## 2016 Performance and 2017 targets

### Operational and financial targets

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

All 2016 targets achieved; increased guidance for 2017
Disciplined 2017 growth targets

New developments

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

- **Operational excellence**: Increasing performance and reducing risk at a lower cost while managing GHG cost and risk
- **Contracted growth**: Delivering opportunities in the U.S. and positioned to continue
- **Alberta market**: Excellent assets & skills in energy-only market are transferable to capacity market
- **Alberta growth**: Positioned to continue to be the leading developer in Alberta
- **Financial strength**: Stronger balance sheet, greater capacity and lower risk
- **Dividend growth**: Executing to maintain and grow dividends
Debt maturity schedule\(^{(1)}\)

$1B in committed credit facilities recently renewed with 5-year tenor maturing 2021, of which ~$863M available in 2017\(^{(1)}\)

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

1) Debt amount as of Dec 31/16, excludes non recourse debt, credit facility debt, and tax-equity financing. Amount available on credit facilities as of Dec 31/16.
2) EPCOR callable debt of $184 million is shown based on maturity dates in 2017 and 2018.
Maintain competitiveness with efficient coal fleet
Tisch Mills Wind

- Location: Manitowoc County, Wisconsin
- 12,000 acres; 100 MWs: 7.3 m/s wind speed
- Market: MISO
- Wisconsin RPS: one of a limited number of Wisconsin development projects
New Frontier Wind

- Location: McHenry County, North Dakota
- 11,350 acres; 99 MWs; 8.8 m/s wind speed
- Market: MISO
- Superior wind resource; MISO network resource
Black Fork Wind

- Location: Crawford and Richland Counties, Ohio
- 23,900 acres; 100-180 MWs: 6.5 m/s wind speed
- Market: PJM
- One of a handful of permitted OH projects; AEP Procurement
Cardinal Point Wind

- Location: McDonough and Warren Counties, Illinois
- 15,000 acres; 150 MWs: 7.7 m/s
- Market: MISO
- Illinois Nuclear legislation; Illinois RPS
## Summary of assets

<table>
<thead>
<tr>
<th>Alberta Contracted</th>
<th>Alberta Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Genesee 1</strong></td>
<td><strong>Genesee 2</strong></td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
<td>430 MW</td>
</tr>
<tr>
<td><strong>% owned / operated</strong></td>
<td>100 / 100</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Warburg</td>
</tr>
<tr>
<td><strong>Fuel &amp; equipment</strong></td>
<td>Coal (50% ownership of coal mine)</td>
</tr>
<tr>
<td><strong>PPA Expiry</strong></td>
<td>2020</td>
</tr>
</tbody>
</table>
## Summary of assets

<table>
<thead>
<tr>
<th>Kingsbridge 1</th>
<th>Island Generation</th>
<th>Quality Wind</th>
<th>Port Dover &amp; Nanticoke</th>
<th>K2 Wind</th>
<th>Roxboro</th>
<th>Southport</th>
<th>Macho Springs</th>
<th>Beaufort Solar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capacity</strong></td>
<td>40 MW</td>
<td>275 MW</td>
<td>142 MW</td>
<td>105 MW</td>
<td>270 MW</td>
<td>46 MW</td>
<td>88 MW</td>
<td>50 MW</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Goderich, Ontario</td>
<td>Campbell River, BC</td>
<td>Near Tumbler Ridge, BC</td>
<td>Located in the counties of Norfolk and Haldimand, Ontario</td>
<td>Ashfield-Colborne-Wawanosh, Ontario</td>
<td>Roxboro, North Carolina</td>
<td>Southport, North Carolina</td>
<td>Luna County, New Mexico</td>
</tr>
<tr>
<td><strong>PPA Expiry</strong></td>
<td>2026 / 2027</td>
<td>2022</td>
<td>2037</td>
<td>2033</td>
<td>2035</td>
<td>2021</td>
<td>2021</td>
<td>2031</td>
</tr>
</tbody>
</table>
### Projects under development/construction

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