CAPITAL POWER

Q1/17 Analyst Conference Call

May 1, 2017

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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 15 of this presentation and in the Company’s first quarter 2017 Management’s Discussion and Analysis (MD&A) prepared as of April 28, 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 interest, 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 April 28, 2017 for the first 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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Executing on growth

Recent acquisitions of contracted natural gas assets with 1,079 MWs of capacity

- Completed the acquisition of the York Energy and East Windsor facilities in Ontario from Veresen Inc. on Apr 13/17
- Announced the acquisition of Decatur Energy Center located in Alabama from LS Power on Apr 12/17
- Acquisitions are expected to increase AFFO by $67M and adjusted EBITDA by $115M in the first full year of operations

York Energy (50% of 400 MW)

East Windsor (84 MW)

Decatur (795 MW)

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

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Acquisition of Decatur Energy Center

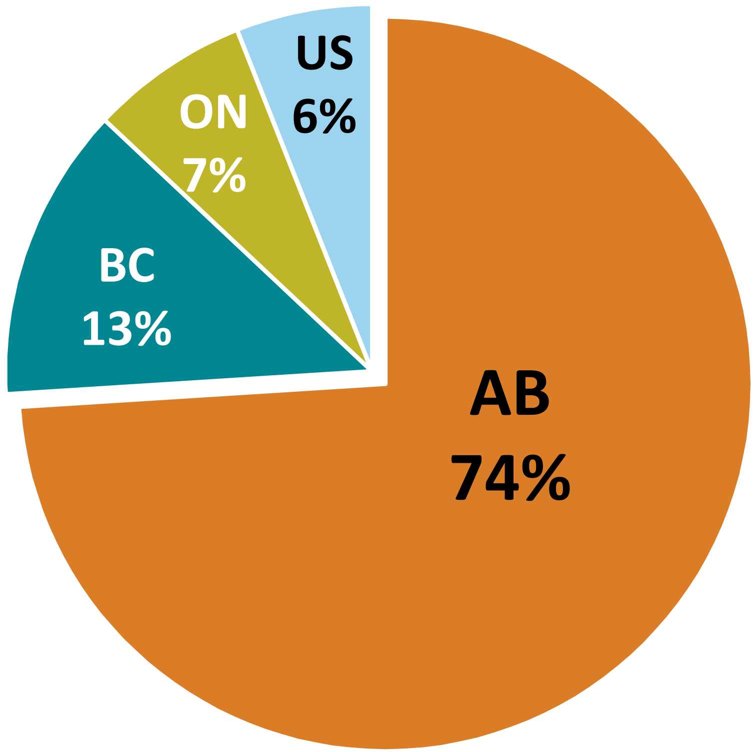
Highlights of transaction

- Agreement to acquire Decatur Energy Center from LS Power for US$441M, subject to working capital and other closing adjustments
- Fully contracted until Dec. 2022 with high probability of recontracting based on its history and need for capacity in the region
- Financing from both equity and debt
  - Proceeds from the $183M subscription receipt offering
  - Debt utilizing a temporary expansion of credit facility followed by long-term financing
- Adds $43M to AFFO in first full year of operations
- Projected EBITDA contribution of $60M per year
- Closing expected in June 2017, subject to regulatory approvals and satisfaction of other customary closing conditions

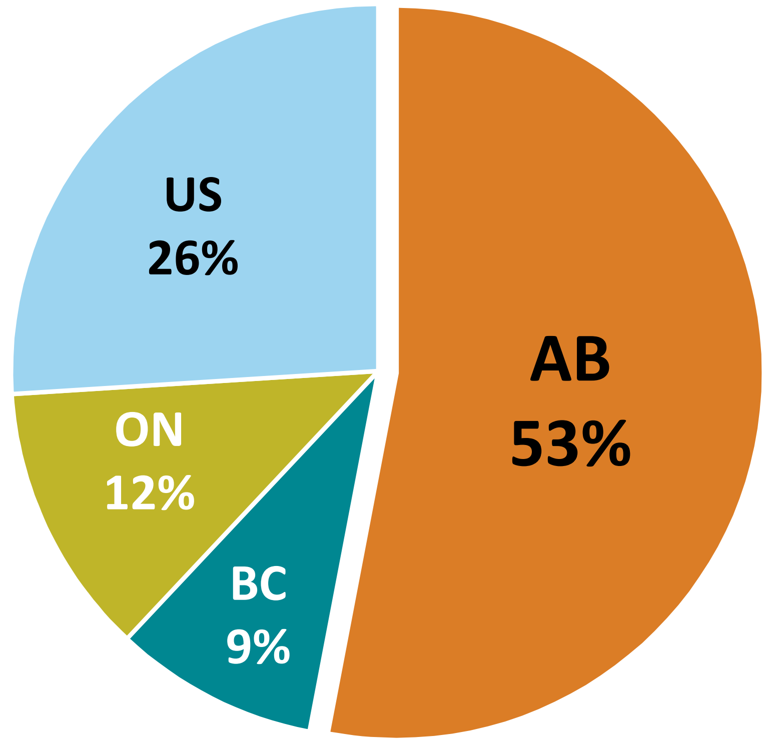
Geographical profile

Acquisitions increase geographical diversification

Geographical breakdown based on capacity

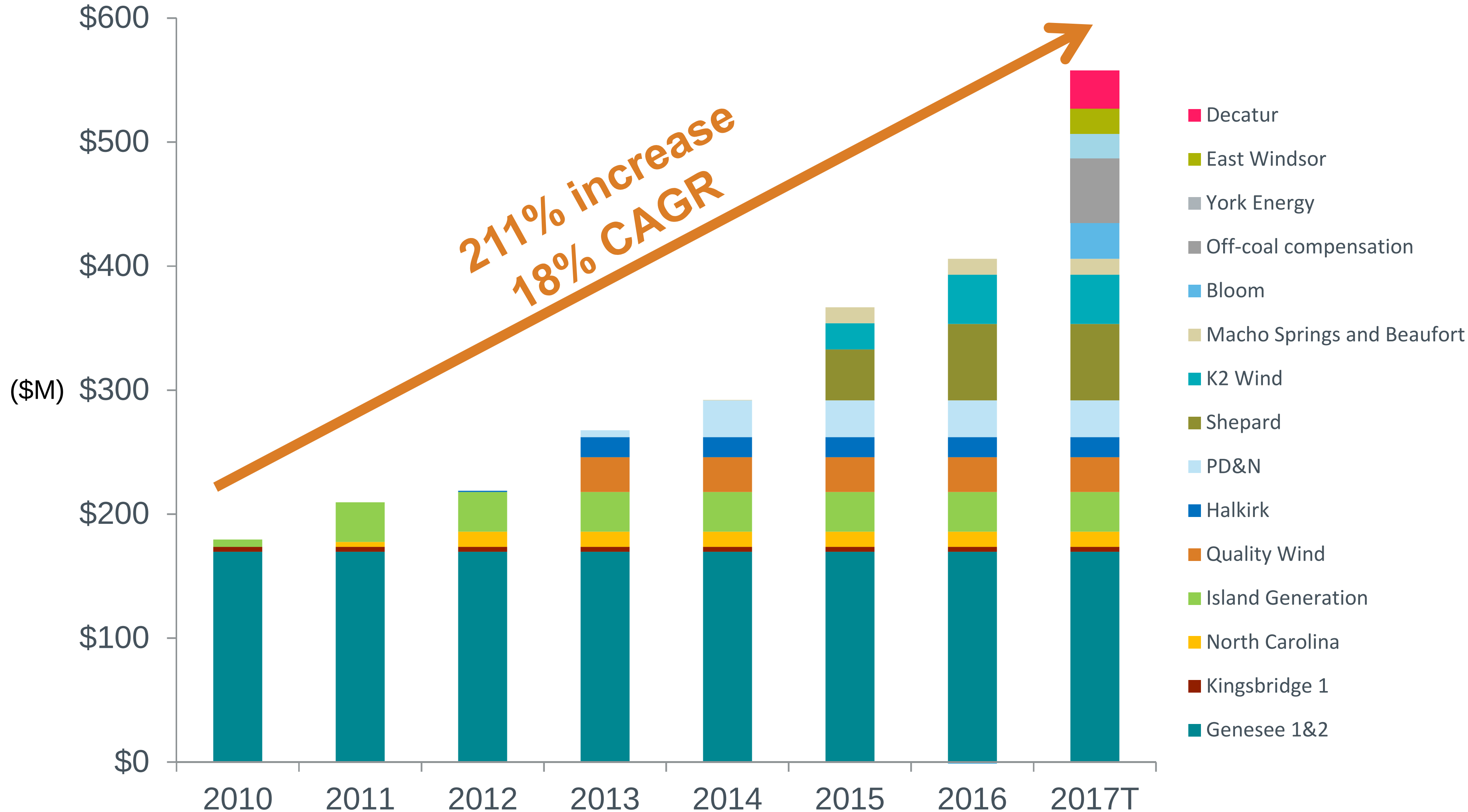


2016 year-end



Including recent acquisitions and Bloom Wind

Improving contracted adjusted 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/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.

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Q1/17 operating performance

Facility availability		Q1/17	Q1/16
AB commercial facilities	Genesee 3	99%	99%
	Keephills 3	93%	90%
	Clover Bar	99%	99%
	Joffre	92%	89%
	Shepard	99%	100%
	Halkirk	96%	99%
AB contracted facilities	Genesee 1	100%	100%
	Genesee 2	97%	99%
ON & BC contracted facilities	Island Generation	100%	100%
	K2 Wind	99%	99%
	Kingsbridge 1	98%	94%
	Port Dover & Nanticoke	98%	97%
	Quality Wind	97%	99%
U.S. contracted facilities	Roxboro	93%	89%
	Southport	92%	83%
	Beaufort Solar	97%	98%
	Macho Springs	98%	97%
	Average	**97%**	**97%**

- Overall fleet performed well with average availability of 97% in Q1/17, unchanged from a year ago
- 2017 availability target of 95% includes major scheduled maintenance outages for Genesee 1, Clover Bar, Southport, Roxboro and Keephills 3

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Q1/17 Financial review

- Q1/17 financial results were in line with management's expectations
  - Generated $91M of AFFO
  - Normalized EPS of $0.34 versus $0.33 in Q1/16
- Trading desk captured a 150% higher realized average power price versus spot price in Q1/17

Portfolio optimization	Q1/17	Q1/16
AB spot power price average (/MWh)	**$22**	$18
Realized power price[1] (/MWh)	**$55**	$52
% realized above spot power price	**150%**	189%

(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 – Q1/17

$M, except per share amounts	Q1/17	Q1/16	Change
Revenues	**$338**	$334	1%
Adjusted EBITDA (before mark-to-market)[1]	**$134**	$128	5%
Basic earnings (loss) per share	**$0.44**	$(0.11)	-
Normalized earnings per share	**$0.34**	$0.33	3%
Adjusted funds from operations	**$91**	$93	(2%)

Results reflect accounting recognition of off-coal compensation each quarter that will be received in July of each year

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of $9M and -$8M for Q1/17 and Q1/16, respectively.

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Financial outlook

- Commencement of annual off-coal compensation payments of $52.4M per year in the third quarter
- Partial year AFFO and EBITDA contributions from the acquisitions of York Energy, East Windsor and Decatur
- Alberta Commercial baseload positions:

	2018	2019	2020
As of date	Mar 31/17		
% sold forward(1)	61%	40%	33%
Contracted prices(2) *($/MWh)*	High-$40	Low-$50	High-$40
Avg. forward prices ($/MWh)	$39	$39	$40

Baseload merchant exposures fully hedged in 2017 while 2018 hedged position increases from 53% to 61%

(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.

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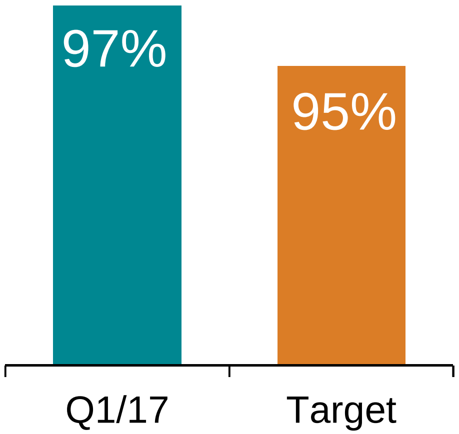
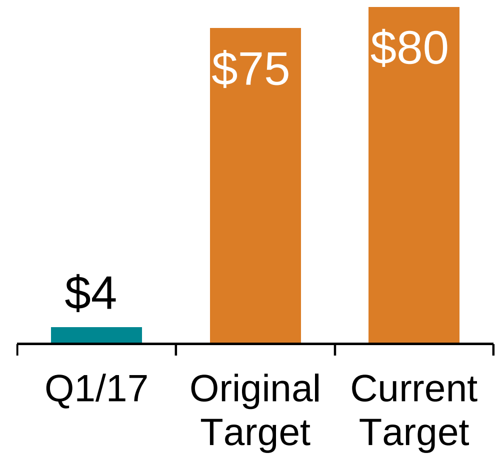
Q1/17 performance vs. annual targets

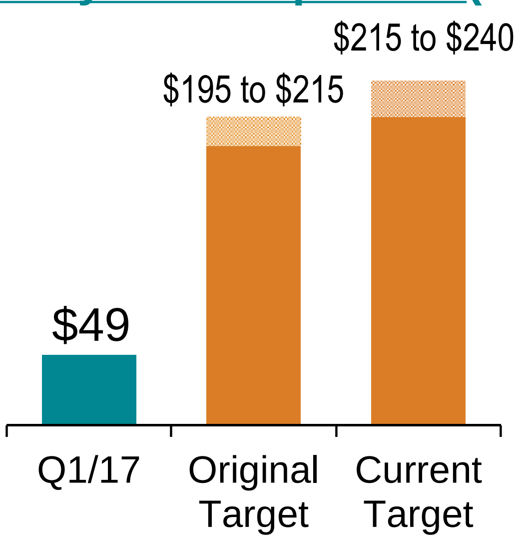
Facility availability



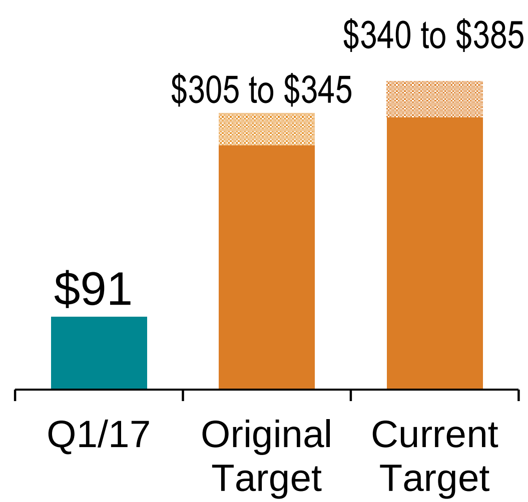
Sustaining capex ($M)



Facility O&M expenses ($M)



AFFO ($M)



2017 AFFO revised guidance increases 12% due to acquisitions(1)

(1) 12% increase based on the mid-point of AFFO guidance ranges.

Disciplined growth targets

Bloom Wind and new developments

2017 Targets

- Complete Bloom Wind on time and on budget for COD in Q3/17
- Execute contracts for the output of two new developments

Q1/17 Status

- Construction expected to be completed on time and on budget
- On track with target – progress on Alberta and U.S. development sites

QUESTIONS?

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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 acquisition of thermal facilities regarding: (i) financial impacts including expected impacts to adjusted funds from operations and adjusted EBITDA, and (ii) the closing of the purchase of the waste-heat facilities,
- 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 and the subscription receipt offering regarding: (i) financing plans for the acquisition, (ii) closing of the acquisition and share issuance pertaining to the subscription receipt offering and the receipt of all regulatory approvals, (iii) financial impacts including expected impacts to adjusted funds from operations and adjusted EBITDA, and (iv) 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 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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