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 19 of this presentation and in the Company’s second quarter 2017 Management’s Discussion and Analysis (MD&A) prepared as of July 25, 2017 which is available under the Company’s profile on SEDAR at sedar.com and on the Company’s website at capitalpower.com.
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.
Executing on growth

Recent acquisitions of contracted facilities

- Completed the acquisition of Decatur Energy Center on June 13th for $603M (US$448M)
  - 795 MW natural gas-fired facility 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

- Completed acquisition of 10 MW of zero-emissions waste heat generation from two facilities (Savona, 150 Mile House) located in BC on June 1st for $8M cash consideration plus the assumption of $18M of project level debt
  - Facilities are under 20-year EPAs expiring in 2028
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
Geographical profile
Recent acquisitions and completion of Bloom Wind has increased geographical diversification

Geographical breakdown based on Adjusted EBITDA

2016\(^{(1)}\)
- AB: 73%
- ON: 13%
- BC: 9%
- U.S.: 5%

2018 Estimate
- AB: 52%
- ON: 17%
- BC: 9%
- U.S.: 22%

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.
Improving contracted adjusted EBITDA \((1,2,3,4)\)

157% increase 21% CAGR

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.
Alberta power market update

Capacity market
- Government of Alberta’s schedule for the transition of Alberta’s energy-only market to a capacity market continues to be on-track
  - Design to be formalized late 2018 / early 2019
  - Expect first capacity auction in 2019 for delivery in 2021
- Five working groups providing feedback on key design elements based on a straw model that is being iterated (June 2017 – June 2018). Capital Power is participating in 4 of the 5 working groups

Coal-to-gas conversion
- 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
- Significantly lower O&M cost expected post gas conversion
Alberta power market update

Renewable Electricity Program (REP)

- Two proposed projects to bid into the REP
  - Whitla Wind in southern Alberta was bid into REP round one, and is now competing in third stage of the process (RFP)*
    *Correction: Whitla Wind continues to make significant progress and if awarded a PPA, it can be in service in 2019. The AESO has closed the RFQ stage of its process, and indicated that it expects to open the RFP stage of its process on September 15, 2017.
  - Halkirk 2 in east-central is well-positioned to participate in future procurement rounds

- Partnership agreement with Siksika Resource Developments Limited to develop new generation in Alberta
  - Jointly develop power projects on the Siksika Nation reserve located 100 km southeast of Calgary
  - Reserve is situated on 172,000 acres of land with excellent solar, wind and gas projects potential

As the leading developer of new power generation in AB over the past decade, have the expertise and track record to build AB’s next generation of renewable and baseload power
## Q2/17 operating performance

<table>
<thead>
<tr>
<th>Facility availability</th>
<th>Q2/17</th>
<th>Q2/16</th>
<th>Q2/17 YTD</th>
<th>Q2/16 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB commercial facilities</td>
<td>95%</td>
<td>87%</td>
<td>96%</td>
<td>93%</td>
</tr>
<tr>
<td>AB contracted facilities</td>
<td>85%</td>
<td>84%</td>
<td>92%</td>
<td>91%</td>
</tr>
<tr>
<td>ON &amp; BC contracted facilities</td>
<td>99%</td>
<td>99%</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>U.S. contracted facilities</td>
<td>96%</td>
<td>95%</td>
<td>95%</td>
<td>92%</td>
</tr>
<tr>
<td><strong>Average availability</strong></td>
<td><strong>94%</strong></td>
<td><strong>90%</strong></td>
<td><strong>96%</strong></td>
<td><strong>93%</strong></td>
</tr>
</tbody>
</table>

- Overall fleet performed well with average availability of 94% in Q2/17, compared to 90% a year ago.
- Completed major scheduled outage at Genesee 1 (70% availability) in Q2/17.
- Other planned outages at Clover Bar Energy Centre (89%) and Southport (86%).
Q2/17 Financial review

- Q2/17 financial results were consistent with management’s expectations
  - Generated $47M of AFFO
  - Normalized EPS of $0.27 versus $0.30 in Q2/16
- Trading desk captured a 174% higher realized average power price versus spot price in Q2/17

### Portfolio optimization

<table>
<thead>
<tr>
<th></th>
<th>Q2/17</th>
<th>Q2/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB spot power price average (/MWh)</td>
<td>$19</td>
<td>$15</td>
</tr>
<tr>
<td>Realized power price(^{(1)}) (/MWh)</td>
<td>$52</td>
<td>$61</td>
</tr>
<tr>
<td>% realized above spot power price</td>
<td>174%</td>
<td>307%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) 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 – Q2/17

<table>
<thead>
<tr>
<th>$M, except per share amounts</th>
<th>Q2/17</th>
<th>Q2/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and other income</td>
<td>$201</td>
<td>$226</td>
<td>(11%)</td>
</tr>
<tr>
<td>Adjusted EBITDA (before mark-to-market)(^{(1)})</td>
<td>$125</td>
<td>$123</td>
<td>2%</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$1.03</td>
<td>$0.19</td>
<td>442%</td>
</tr>
<tr>
<td>Normalized earnings per share</td>
<td>$0.27</td>
<td>$0.30</td>
<td>(10%)</td>
</tr>
<tr>
<td>Adjusted funds from operations</td>
<td>$47</td>
<td>$79</td>
<td>(41%)</td>
</tr>
</tbody>
</table>

Lower AFFO due to higher costs in net finance expense, sustaining capex and preferred share dividends; as well as lower realized Alberta power price and lower generation from Southport.

\(^{(1)}\) Before unrealized changes in fair value of commodity derivatives and emission credits of -$29M and -$15M for Q2/17 and Q2/16, respectively.
## Financial performance – Q2/17 YTD

<table>
<thead>
<tr>
<th>$M, except per share amounts</th>
<th>Q2/17 YTD</th>
<th>Q2/16 YTD</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and other income</td>
<td>$539</td>
<td>$560</td>
<td>(4%)</td>
</tr>
<tr>
<td>Adjusted EBITDA (before mark-to-market)(^1)</td>
<td>$259</td>
<td>$251</td>
<td>3%</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$1.47</td>
<td>$0.07</td>
<td>2000%</td>
</tr>
<tr>
<td>Normalized earnings per share</td>
<td>$0.61</td>
<td>$0.63</td>
<td>(3%)</td>
</tr>
<tr>
<td>Adjusted funds from operations</td>
<td>$138</td>
<td>$172</td>
<td>(20%)</td>
</tr>
</tbody>
</table>

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**Lower AFFO due to higher net finance expense, sustaining capex and preferred shares dividends; as well as lower trading gains from portfolio optimization and lower generation from Southport**

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\(^1\) Before unrealized changes in fair value of commodity derivatives and emission credits of -$20M and -$23M for Q2/17 YTD and Q2/16 YTD, respectively.
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 to be received in July
- Alberta Commercial baseload positions:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of date</td>
<td></td>
<td>Jun 30/17</td>
<td></td>
</tr>
<tr>
<td>% sold forward(1)</td>
<td>66%</td>
<td>45%</td>
<td>29%</td>
</tr>
<tr>
<td>Contracted prices(2) ($/MWh)</td>
<td>High-$40</td>
<td>Low-$50</td>
<td>High-$40</td>
</tr>
<tr>
<td>Avg. forward prices ($/MWh)</td>
<td>$45</td>
<td>$46</td>
<td>$47</td>
</tr>
</tbody>
</table>

- 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

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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.
Q2/17 YTD performance vs. annual targets

Facility availability

<table>
<thead>
<tr>
<th></th>
<th>Q2/17 YTD</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility availability</td>
<td>96%</td>
<td>95%</td>
</tr>
</tbody>
</table>

Facility O&M expenses ($M)

<table>
<thead>
<tr>
<th></th>
<th>Q2/17 YTD</th>
<th>Original Target</th>
<th>Revised Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility O&amp;M expenses</td>
<td>$195 to $215</td>
<td>$215 to $240</td>
<td>$340 to $385</td>
</tr>
</tbody>
</table>

Sustaining capex ($M)

<table>
<thead>
<tr>
<th></th>
<th>Q2/17 YTD</th>
<th>Original Target</th>
<th>Revised Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustaining capex</td>
<td>$104</td>
<td>$75</td>
<td>$80</td>
</tr>
</tbody>
</table>

AFFO ($M)

<table>
<thead>
<tr>
<th></th>
<th>Q2/17 YTD</th>
<th>Original Target</th>
<th>Revised Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFFO</td>
<td>$138</td>
<td>$305 to $345</td>
<td>$340 to $385</td>
</tr>
</tbody>
</table>

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

Q2/17 Status

- Project completed ahead of schedule with construction costs below budget
- On track with target – progress being made on Alberta and U.S. development sites
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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