CAPITAL POWER

Q3/17 Analyst Conference Call
October 25, 2017

Brian Vaasjo, President & CEO
Bryan DeNeve, SVP Finance & CFO

Capital Power

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 third quarter 2017 Management's Discussion and Analysis (MD&A) prepared as of October 24, 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 October 24, 2017 for the third quarter of 2017, which is available under the Company's profile on SEDAR at SEDAR.com and on the Company's website at capitalpower.com.

Capital Power

Q3/17 Highlights

Second wind development project in the U.S. underway

- New Frontier Wind is a 99 MW wind project in North Dakota
- In Aug/17, executed a 12-year fixed price contract with Morgan Stanley covering 87% of the facility's output
- Revenue swap contract involving a fixed volume of generation for a fixed price
- Long-term predictable revenues allow the project to secure renewable energy tax equity financing
- Expected capital cost of $182M (US$145M) with Capital Power funding one-third and the tax equity investor funding two-thirds of the cost
- Commercial operations expected in December 2018

Executing on organic growth in U.S. renewables market to strengthen contracted cash flow profile

Q3/17 Operating performance

Facility availability	Q3/17	Q3/16	Q3/17 YTD	Q3/16 YTD
AB commercial facilities	95%	95%	96%	93%
AB contracted facilities	96%	100%	93%	94%
ON & BC contracted facilities	98%	93%	98%	97%
U.S. contracted facilities	99%	97%	98%	94%
Average availability	**97%**	**96%**	**96%**	**94%**

- Overall fleet had excellent performance with average availability of 97% in Q3/17, compared to 96% a year ago
- No major planned outages for the remainder of the year – on track to meet 95% plant availability target for 2017

Capital Power

Q3/17 Financial review

- Q3/17 financial results were in line with management's expectations
  - Generated $134M of AFFO
  - Normalized EPS of $0.28 versus $0.31 in Q3/16
- Trading desk captured a 96% higher realized average power price versus spot price in Q3/17

Portfolio optimization	Q3/17	Q3/16
AB spot power price average (/MWh)	**$25**	$18
Realized power price(1) (/MWh)	**$49**	$70
% realized above spot power price	**96%**	288%

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 – Q3/17

$M, except per share amounts	Q3/17	Q3/16	Change
Revenues and other income	**$346**	$374	(7%)
Adjusted EBITDA (before mark-to-market)[1]	**$161**	$120	34%
Basic earnings (loss) per share	**$(0.13)**	$0.63	(121%)
Normalized earnings per share	**$0.28**	$0.31	(10%)
Adjusted funds from operations	**$134**	$79	70%

Higher Adjusted EBITDA primarily due to additions of Decatur Energy, Veresen assets, and Bloom Wind; partially offset by lower contributions from portfolio optimization. Higher AFFO includes coal compensation received in Q3/17.

1) Before unrealized changes in fair value of commodity derivatives and emission credits of -$3M and $28M for Q3/17 and Q3/16, respectively.

Capital Power

Financial performance – Q3/17 YTD

$M, except per share amounts	Q3/17 YTD	Q3/16 YTD	Change
Revenues and other income	**$885**	$934	(5%)
Adjusted EBITDA (before mark-to-market)[(1)]	**$420**	$371	13%
Basic earnings per share	**$1.30**	$0.71	83%
Normalized earnings per share	**$0.88**	$0.95	(7%)
Adjusted funds from operations	**$272**	$251	8%

Higher Adjusted EBITDA primarily due to new additions to the fleet and partially offset by lower contributions from portfolio optimization activities

1) Before unrealized changes in fair value of commodity derivatives and emission credits of -$23M and $5M for Q2/17 YTD and Q2/16 YTD, respectively.

Impairment losses

- Annual impairment testing done, generally in Q3, on cash generating units that contain goodwill to determine if any impairments should be recognized
- Southport & Roxboro PP&E was also tested for impairment due to the uncertainty of potential capital investments required to meet more restrictive emission standards
  - Emission standards are likely to render the facilities uneconomic once PPAs expire in 2021
- In Q3/17, recognized <u>pre-tax</u> impairment charges of $32M, $14M and $37M for Southport, Roxboro, and Decatur Energy facilities, respectively
- Goodwill associated with Decatur Energy was primarily attributable to the ability to use previously written down U.S. income tax loss carryforwards
  - Income tax recovery of $86M recorded in Q2/17 from the reversal of a previously written down deferred tax asset more than offsets the goodwill impairment on Decatur Energy

No cash impact from impairments

Capital Power

Financial outlook

- Alberta Commercial baseload positions:

	2018	2019	2020
As of date	Sep 30/17		
% sold forward[1]	86%	45%	25%
Contracted prices[2] ($/MWh)	High-$40	Low-$50	Low-$50
Avg. forward prices ($/MWh)	$44	$46	$45

- Baseload hedges in 2018 increased from 66% in Q2/17 to 86% at an average contracted price in the high-$40/MWh that is consistent with our fundamental forecast of power prices
- Can capture upside from higher power prices or price volatility from Clover Bar peaking facilities, Joffre Cogen, and Halkirk Wind

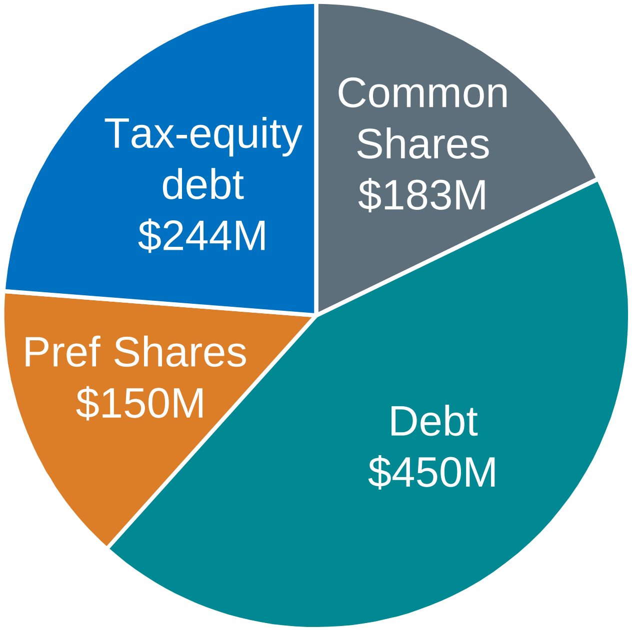
1) Based on the Alberta baseload plants plus a portion of Joffre and the uncontracted portion of Shepard.
2) Forecasted average contracted prices may differ significantly from future average realized prices as future realized prices are driven by a combination of previously contracted prices and settled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

Capital Power

Financing growth in 2017

- Raised ~$1.0B in gross proceeds from recent financings in 2017 to fund growth
- $244M from tax-equity investor for Bloom Wind (Jun)
- $183M common share issuance used to partially finance the Decatur Energy acquisition (Jun)
- $150M in preferred shares (Aug)
  - Cumulative Minimum Rate Reset with a 5.75% yield
- $450M medium term note (Sep)
  - 7-year term at 4.284%

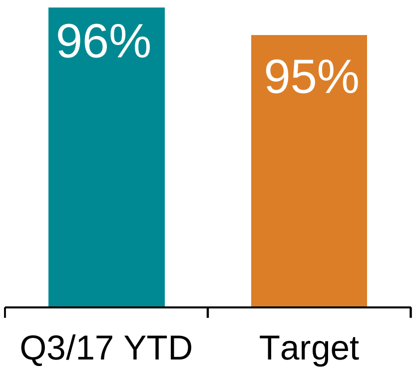
~$1 billion raised in capital



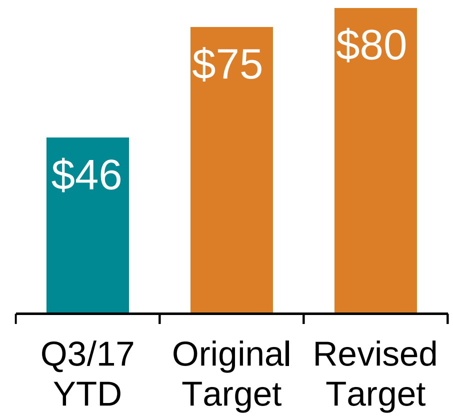
Committed to maintaining investment grade credit ratings while strengthening financing capabilities to fund growth

Q3/17 YTD performance vs. annual targets

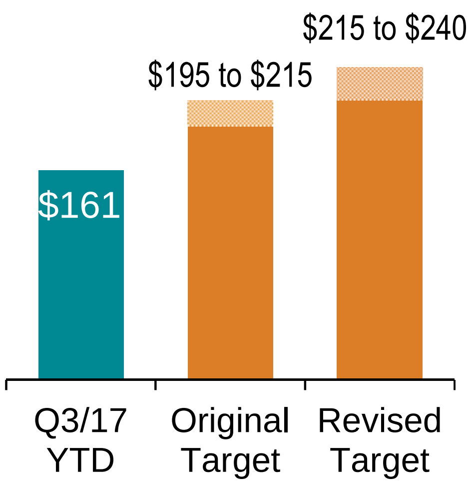
Facility availability



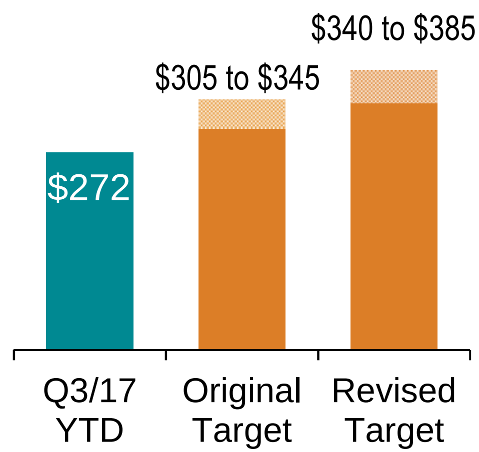
Sustaining capex ($M)



Facility O&M expenses ($M)



AFFO ($M)



2017 AFFO on track to achieve near 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

Q3/17 Status

√ Project completed ahead of schedule with construction costs below budget

- New Frontier Wind – secured a 12-year fixed-for-floating swap contract for 87% of output
- Progress being made on other U.S. development sites
- Successful bidders for Alberta's Renewable Electricity Program expected to be announced before year-end


QUESTIONS?
Capital
Power

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 (including New Frontier Wind),
- 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 regarding: (i) financial impacts including expected impacts to adjusted funds from operations and adjusted EBITDA, and (ii) 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.

Investor Relations Contact

Randy Mah
Senior Manager
(780) 392-5305
rmah@capitalpower.com

10423 101 Street NW
10th Floor
Edmonton, Alberta
Canada, T5H 0E9
www.capitalpower.com