Driving a Sustainable Future

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Investor Presentation
January 2018

Capital Power

capitalpower.com

Capital Power well-positioned for yield improvement

Solid performance

- Operational excellence
- Asset optimization
- Commodity management

Strong growth

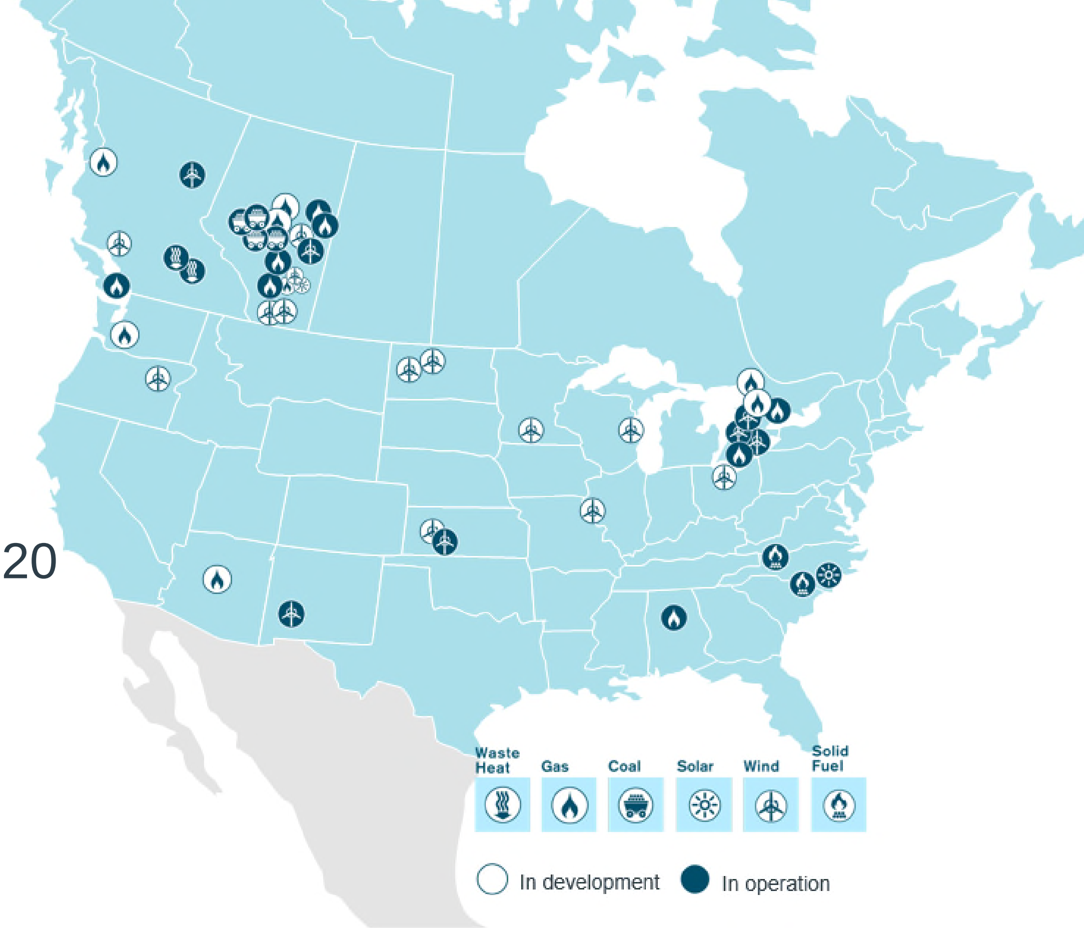
- Achieved though 2017
- Positioned for additional growth

Dividend guidance

- 7% annual guidance through 2020
- Based on existing growth

Declining risks

- Asset portfolio
- Alberta market
- Coal (CO_2)



Execution in 2017

Excellent existing operations

- Expect to achieve performance targets on our plants
- Excellent realized Alberta power price
- Continued efforts on reducing carbon footprint

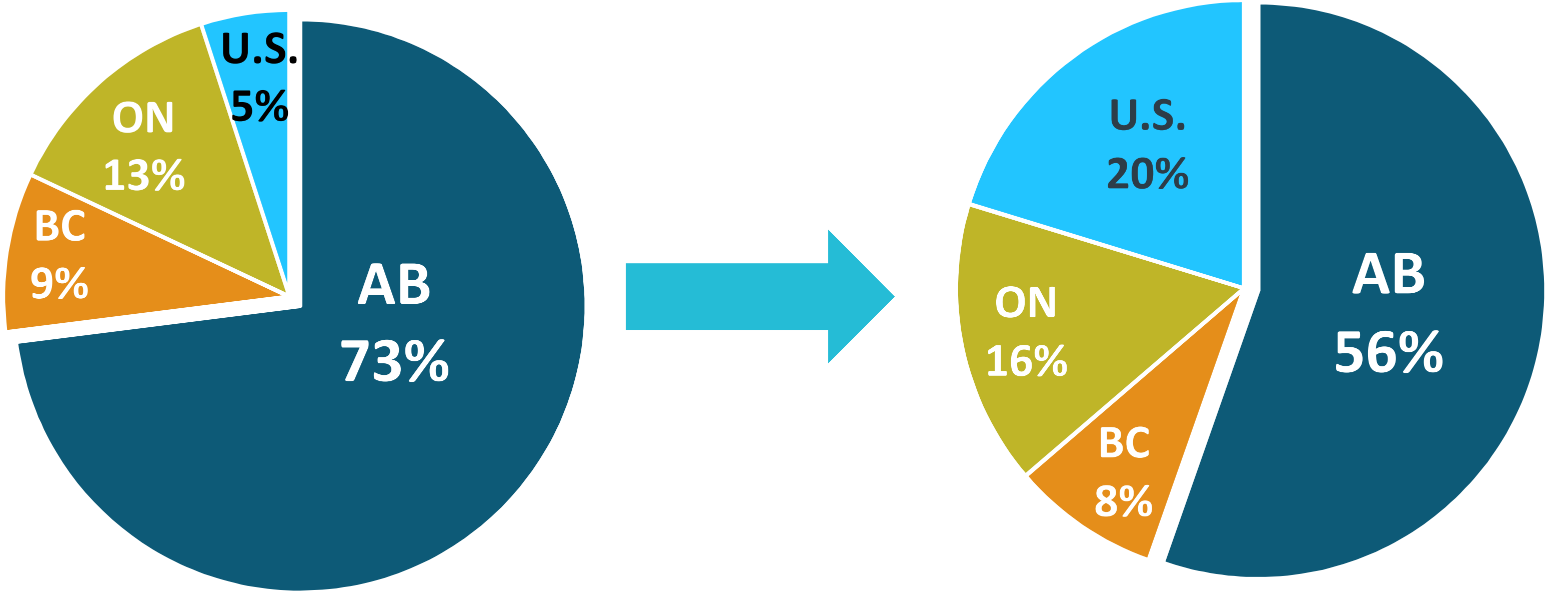
Substantial contracted growth and diversification

- Executed on renewables strategy
- Acquired five thermal assets
- Added nearly 1,300 MW to the fleet
- AFFO growth from contracted assets
- Contracted % of Adjusted EBITDA increases from 67% in 2016 to 81% in 2017
- Annual dividend growth guidance out to 2020

Asset growth providing geographic diversification

Acquisitions & completion of Bloom Wind in 2017 has increased geographic diversification

Breakdown based on Adjusted EBITDA:



2016(1)

2018 Estimate(1)

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

Alberta power market upside

Step-change increase in AB power prices starting in 2018

- Current forward prices in mid-$50/MWh for 2018 and 2019 compared to $22/MWh average in 2017
  - Decommissioning and mothballing of older coal units
  - Higher carbon taxes
  - Demand growth from improving AB economy
  - Balancing Pool returning PPAs to owners
- 2018 AFFO financial target based on $49/MWh average AB power price
  - EBITDA sensitivity to a $5/MWh change in spot price: $10M in 2018, $23M in 2019 and $27M in 2020
- Clarity on capacity market design expected in Q1/18 that will allow generators to develop strategies

Executing on strategies to reduce GHG costs/risks

Carbon price

- Alberta carbon price of $30/tonne in place January 1, 2018
- Government model shifts the profile of existing carbon credit value realization but maintains overall value to Capital Power
- Federal Government's indication of $50/tonne carbon price by 2022
  - Review and assessment in 2020 that will provide clarity

Management of risks and opportunities

- First year of Genesee Performance Standard (GPS) project completed with subsequent years accelerated
- Continue to actively develop and optimize carbon credits
- Biofuel opportunities
- Total conversion of coal plants to natural gas

Genesee Generation Station

Industry leader through the carbon transition

Advantages

- Highest availability for Alberta coal plants (96.3% over last 3 years)
- Lowest fuel cost from mine mouth operation
- Youngest units (21 years average) in Alberta
- Excellent maintenance history and focused reliability program
- Transition to natural gas maintains these advantages

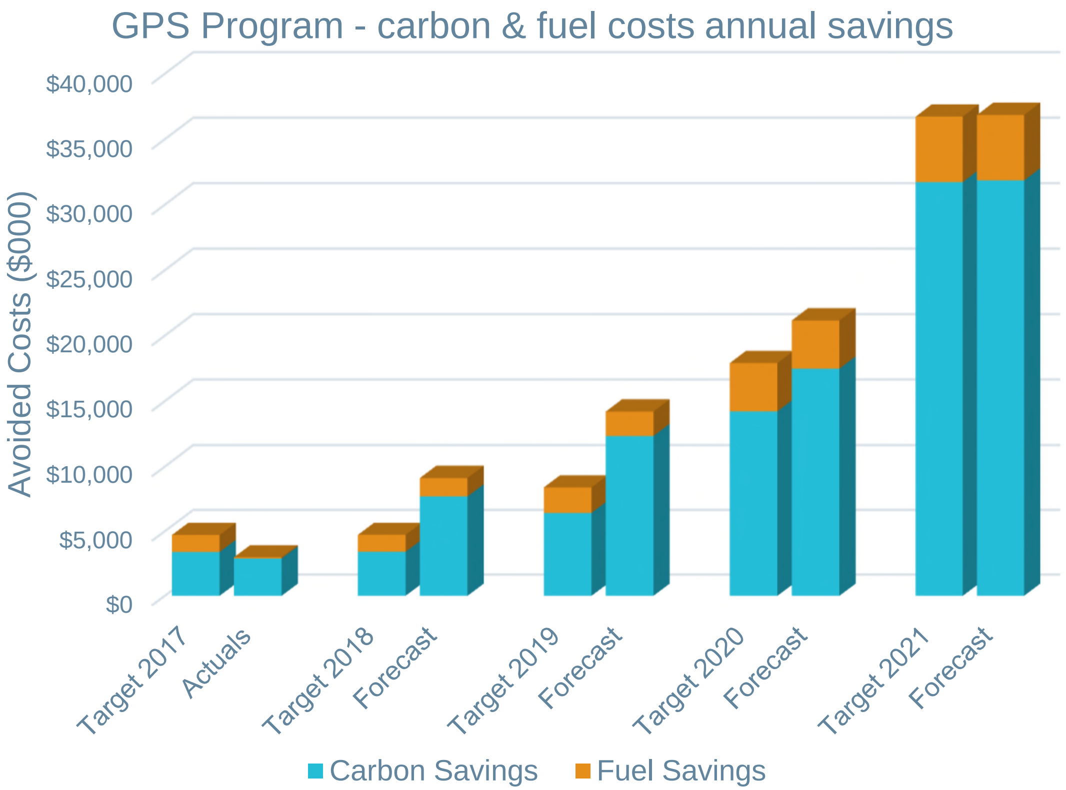
Transition

- World-leading, unique carbon reduction program (GPS)
- Staged approach for coal to gas conversion and dual fuel firing
- Bio-fuel substitution strategy

Genesee is well positioned to maintain its role as an industry leading generation facility

GPS program savings

Program reduces fuel & carbon compliance costs[1]



- Program targets an 11% reduction in GHG emissions
- $50M forecasted capital investment accelerated resulting in greater savings earlier in program
- Beyond 2021, savings maintained at $35M/year

1) Assumes a $30/tonne carbon compliance cost and baseload operation

Mitigating carbon costs

Savings Agreement with Balancing Pool

- Agreement in place with Balancing Pool to share savings from reduction in GHG emissions at Genesee 1 & 2. Absent this Agreement, Balancing Pool as the buyer of the PPA would receive 100% of the savings
- Under Agreement, Capital Power receives 90% of the savings for any reduction in GHG emissions intensity below 0.98t/MWh, and 15% of savings above 0.98t/MWh
- Genesee 1&2 currently operate at or below 0.98t/MWh – Capital Power will receive 90% of compliance cost savings on future reductions in GHG emissions from GPS or other optimization projects

Coal-to-gas conversion transition plan

Optimal operational flexibility for Genesee units

- Anticipate decision point in 2020 due to carbon & natural gas pricing
- Timing of conversion flexible with conversion period of 9 months or less
- Outage of 2 months per unit; capital cost of $25M-$50M per unit
- Co-firing provides greatest fuel flexibility through to 2030
- Developing gas strategies with JV partner
  - Genesee can currently co-fire up to 250 MW of natural gas
  - Reviewing ability to enhance natural gas utilization during planned outages
  - On track to bring significant natural gas to site by 2020
- Federal coal to gas regulations extends facility life to almost 2040

Superior availability and efficiency of coal fleet will carry over as converted natural gas units

Alberta’s coal fleet

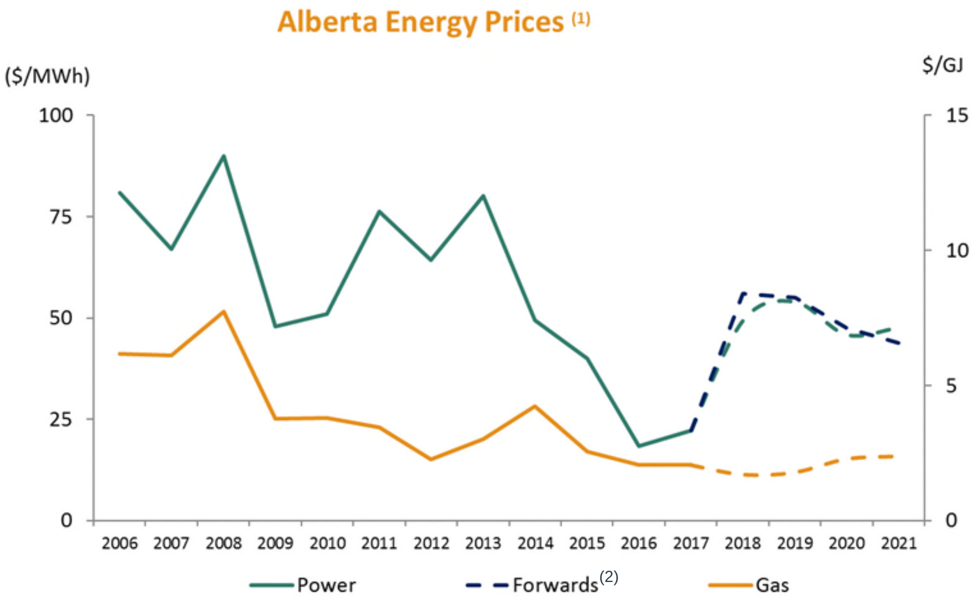
Retirements under federal / provincial regulations and conversion to gas

Facility	AESO max capacity (MW)	Age in 2018 (yrs)	End of coal life (CLP)(1)	Current Status	Coal to gas conversion Expectation	PPA status
Battle River 3	149	49	2019	Online	ATCO announced CtG by 2020	Merchant
Sundance 1	288	48	2019	Decommissioned end of 2017		PPA expired end of 2017
H.R. Milner	144	46	2019	Mothballed since May/17		Merchant
Sundance 2	288	45	2019	Mothballed		PPA expired end of 2017
Battle River 4	155	43	2025	Online	ATCO announced CtG by 2020	Merchant
Sundance 3	368	42	2026	To be mothballed Apr/18 (up to 2 yrs)	TA announced CtG 2021-22	Returns to TA in Apr/18
Sundance 4	406	41	2027	To be mothballed Apr/19 (up to 2 yrs)	TA announced CtG 2021-22	Returns to TA in Apr/18
Sundance 5	406	40	2028	To be mothballed Apr/19 (up to 1 yr)	TA announced CtG 2021-22	Returns to TA in Apr/18
Sundance 6	401	38	2029	Online	TA announced CtG 2021-22	Returns to TA in Apr/18
Battle River 5	385	37	2029	Online	ATCO announced CtG by 2020	Returns to ATCO Sep/18
Keephills 1	395	35	2029	Online	TA announced CtG 2021-22	Balancing Pool; Dec/20 expiry
Keephills 2	395	34	2029	Online	TA announced CtG 2021-22	Balancing Pool; Dec/20 expiry
Sheerness 1	400	32	2030	Online	ATCO announced CtG by 2020	Balancing Pool; Dec/20 expiry
Genesee 2	**400**	**29**	**2030**	Online		Balancing Pool; Dec/20 expiry
Sheerness 2	390	28	2030	Online	ATCO announced CtG by 2020	Balancing Pool; Dec/20 expiry
Genesee 1	**400**	**24**	**2030**	Online		Balancing Pool; Dec/20 expiry
Genesee 3(2)	**466**	**13**	**2030**	Online		Merchant
Keephills 3(2)	**463**	**7**	**2030**	Online		Merchant

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

Alberta market forecasts

Uplift in power prices starting in 2018

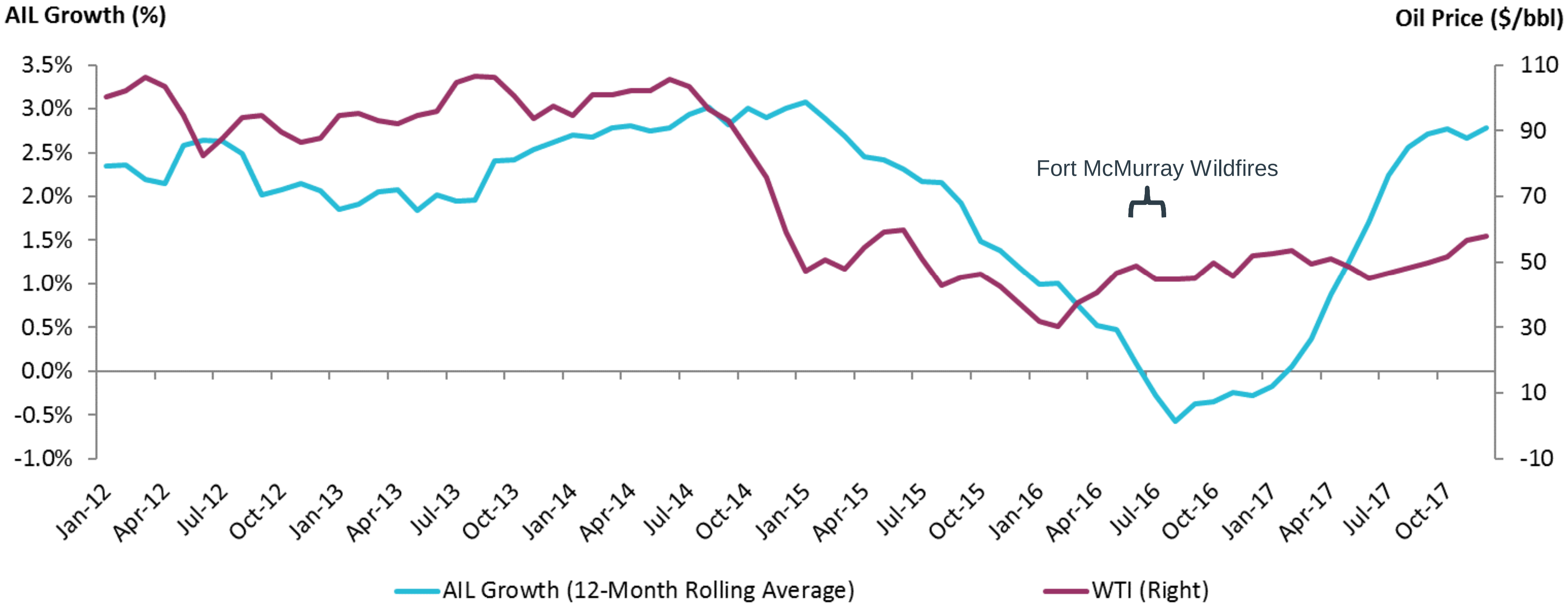


- Announced early retirements and mothballing of coal-fired units reduce supply in the market
- Balancing Pool returning PPAs to owners
- Demand growth recovering
- Pass-through of higher environmental compliance costs
- Mandated coal retirements near the end of this decade

1) Power and gas forecasts represent the average forecasts of leading 3rd party consulting firms as of end of year 2017.
2) Forward prices as of January 2018.

Alberta load growth(1)

Fundamentals improving



(1) Alberta Internal Load normalized for weather
Source: CPC, EIA

Alberta power market design change

Transition to a capacity market from energy-only market by 2021

Alberta Government Objectives

System Reliability

System stability as renewables are brought on under the Climate Leadership Plan

Investor Confidence

Opportunity for new and existing assets to receive a fair return of and on capital

Investment Signals

To strike a balance between decreasing revenue variability and sending appropriate price signals for investment

2017/18
Stakeholder engagement to determine design

2018/19
Incorporation of design in ISO rules, contracts, and/or legislation

2019
Procurement begins, contracts awarded

2021
First delivery

CPC is well positioned with a young, diversified, and efficient fleet

Managing through capacity market design

Alberta capacity market design

- AESO-led market design process
  - 5 working groups consolidated to 3 in 2018
  - Capital Power participating on 3 of 3
  - Design to be finalized in 2018 – comprehensive draft January 26; final design expected July 20
- Alberta Government provides key policy direction on overall market framework as well as reliability target, governance, and cost allocation
- First auction Q4 2019 for delivery in mid-2021 (Q3/Q4)

Managing through capacity market design

Working group recommendations to be considered by AESO in draft design

- Several working group recommendations to date support fair treatment of existing assets and preserving a level playing field for competition
- Key design details concerning market power assessment, energy offer flexibility, and the performance framework to be resolved in 2018
- Capital Power supports retaining an effective price signal in the real-time energy market to drive market outcomes and incent the right investments at the right time

Alberta growth opportunities

$20B+ opportunity

- Coal phase-out
- Junior developer consolidation
  - >2,500 MW of capacity
- Renewable Electricity Program
  - 5,000 MW opportunity
- Gas-fired opportunities

Halkirk 2

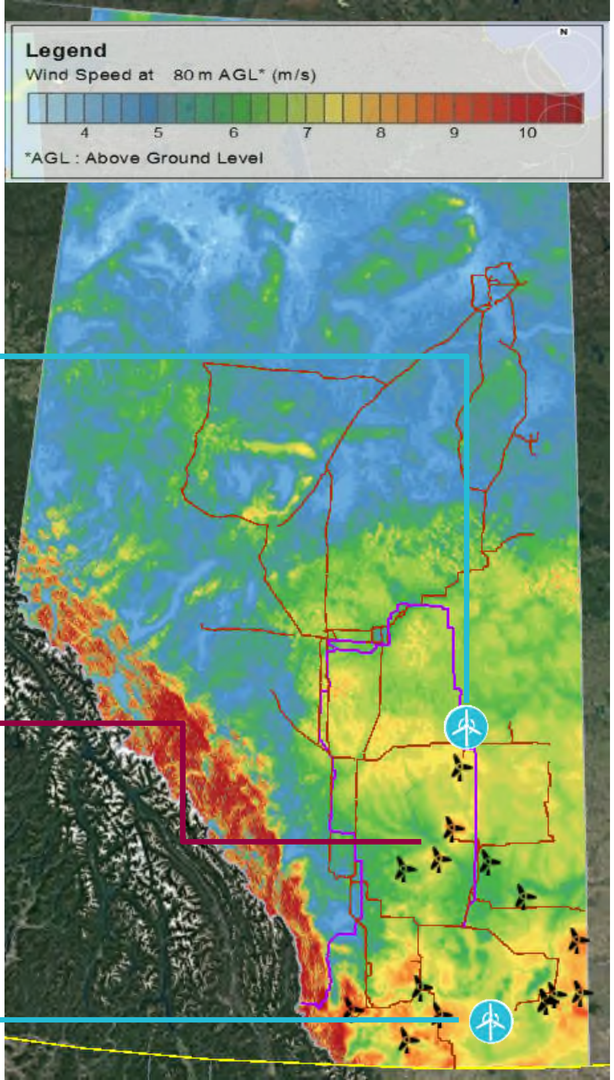
- 148 MW
- Next to existing facility
- 37%+ capacity factor
- Available transmission
- Locational advantage with wind diversity - high capture factor

Junior Portfolios

- > 2,500 MW of capacity
- > 20 opportunities
- Aggregation potential

Whitla 1&2

- 300 MW combined
- 38%+ capacity factor
- Available transmission
- Proximity to interconnection



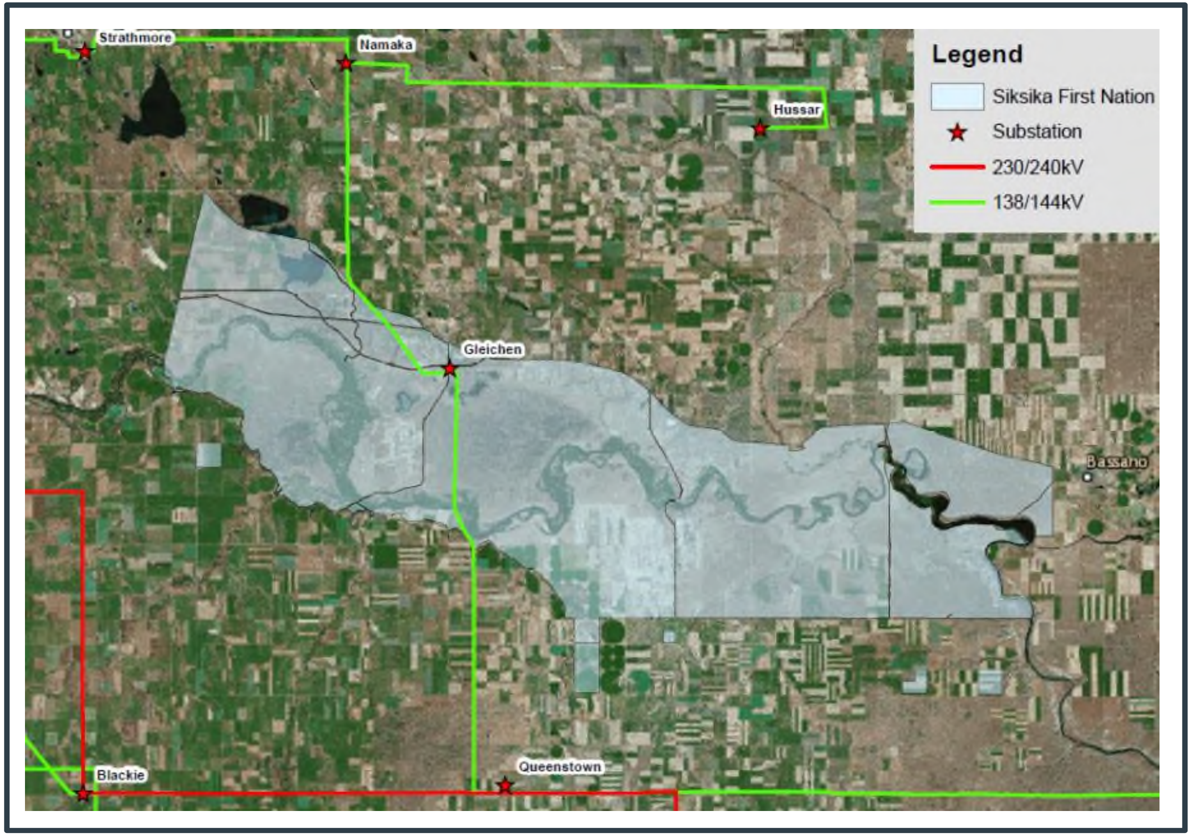
Whitla Wind (phase I) awarded 20-year contract

Successful bidder in 1st round of REP

- One of three three successful proponents selected by AESO under the Renewable Electricity Program (REP) that attracted global participation
- Awarded a 20-year contract for 201.6 MW
  - Specific price guaranteed subject to performance obligations
  - Project capital costs of $315 to $325M
  - Expected to generate Adjusted EBITDA of $27M and AFFO of $17M per year
- Whitla Wind site has capacity for 300 MW that can be developed in two phases
  - COD for first phase expected in Q4/19

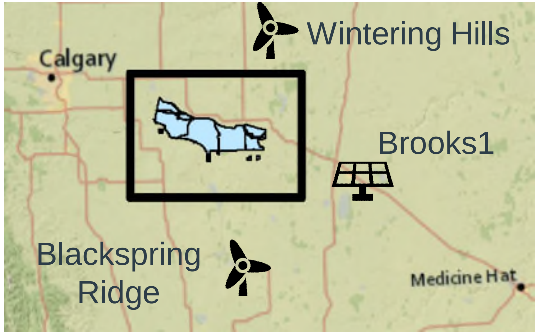
Alberta strategic position

Siksika Nation



Siksika Nation

- Exclusive agreement to jointly develop new generation
- 172,000 acres of land
- Solar, wind, and gas project potential
- Attractive location
- Existing transmission and distribution infrastructure
- Ample water
- Potential for renewable attributes



Canadian opportunity set

Significant investment required by 2030

Saskatchewan

Targeting 50% renewable generation capacity by 2030

- 1,600 MW of new wind

Ontario

Nuclear retirements
Market renewal

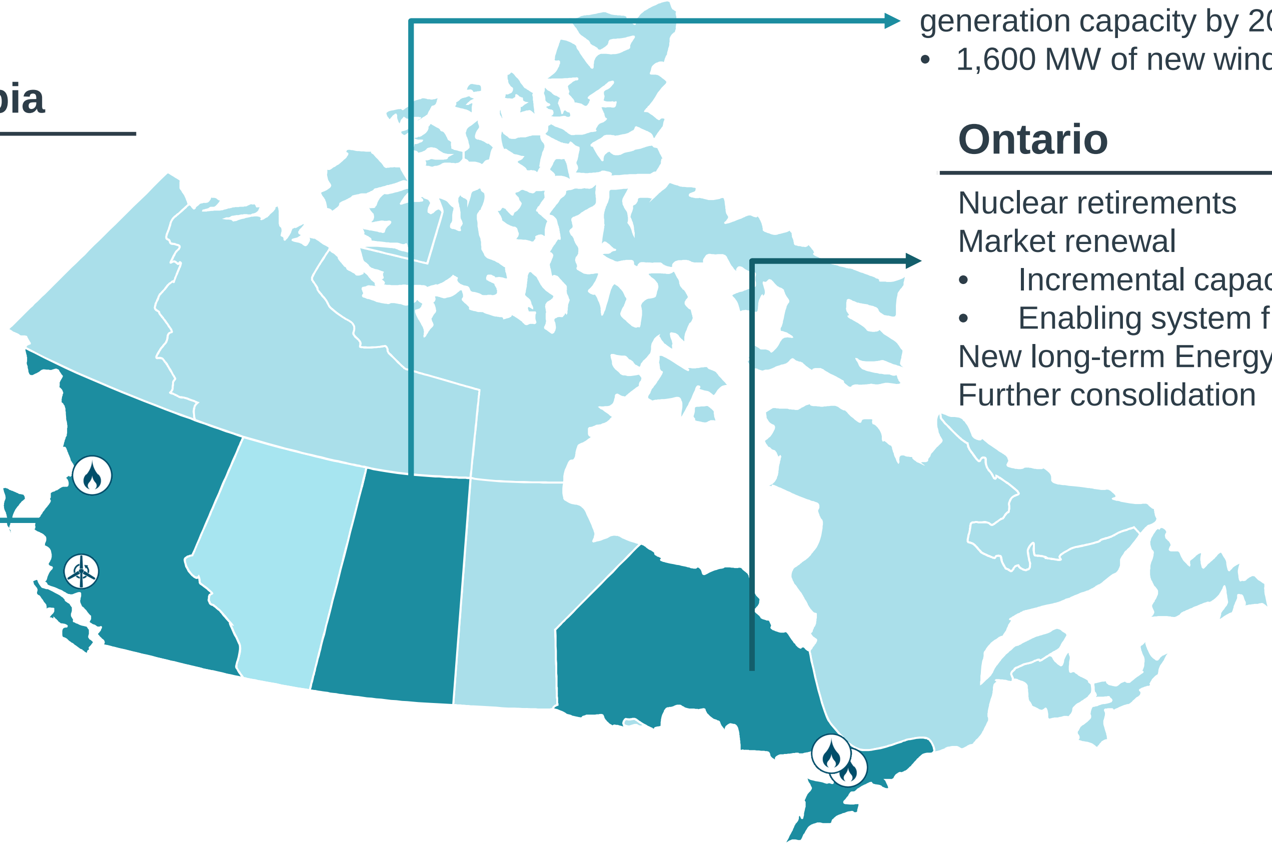
- Incremental capacity auctions
- Enabling system flexibility

New long-term Energy Plan
Further consolidation

British Columbia

Site C uncertainty
Development sites:

- 2x wind
- 1x gas



US wind development opportunities

Our approach

Nolin Hills

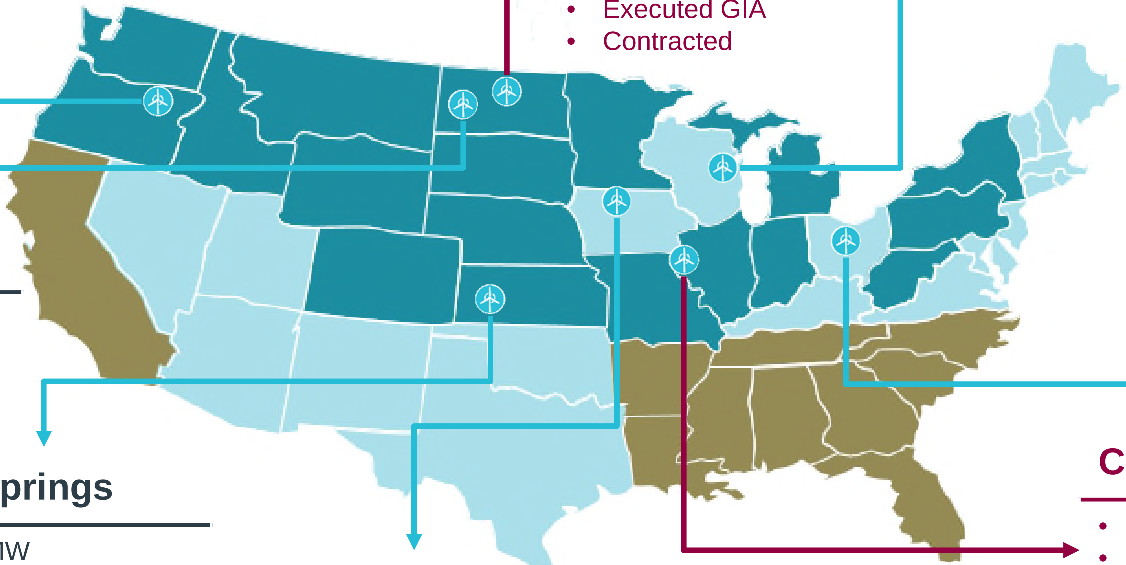
- 350 MW
- >6 m/s wind speed

New Frontier

- 99 MW
- >8 m/s wind speed
- MISO
- Executed GIA
- Contracted

Tisch Mills

- 100 MW
- >7 m/s wind speed
- MISO
- WI RPS
- Advanced DPP



Garrison Butte

- 200 MW
- >8 m/s wind speed
- MISO or SPP

Black Fork

- 100-180 MW
- >6 m/s wind speed
- PJM
- Executed GIA
- Permitted OH project

Salt Springs

- 200 MW
- >8 m/s wind speed
- SPP
- 30 mi north of Bloom Wind

Willow Creek

- 100-200 MW
- MISO

Cardinal Point

- 150 MW
- >7 m/s wind speed
- MISO
- IL RPS contracted
- Advanced DPP

U.S. tax reform

- Investment Tax Credits (ITC) and Production Tax Credits (PTC) eligibility rules remain unchanged
- Base Erosion and Anti-Abuse (BEAT) provision
  - Impacts on investors appetite = modest yield pressure
  - No material impact on US windfarm model
- Corporate tax rate reduced from 35% to 21%
  - Not currently paying federal income tax
  - Non-cash impact on US deferred income tax
- Immediate expensing for eligible property
  - Full cost of eligible property acquired after Sep 27, 2017 is deductible immediately as opposed to subject to depreciation

Strategically evolving profile

Decreasing risk and growing cash flows

	Generation technology	Contracted capacity	North American footprint
2015	**42%** gas and renewables	**66%** Contracted	**74%** Alberta
2017	**56%** gas and renewables	**81%** Contracted	**62%** Alberta
2020(1)	**68%** gas and renewables	**82%** Contracted	**52%** Alberta
	Fuel diversification	Greater visibility	Geographic diversification

1) Includes projected growth.

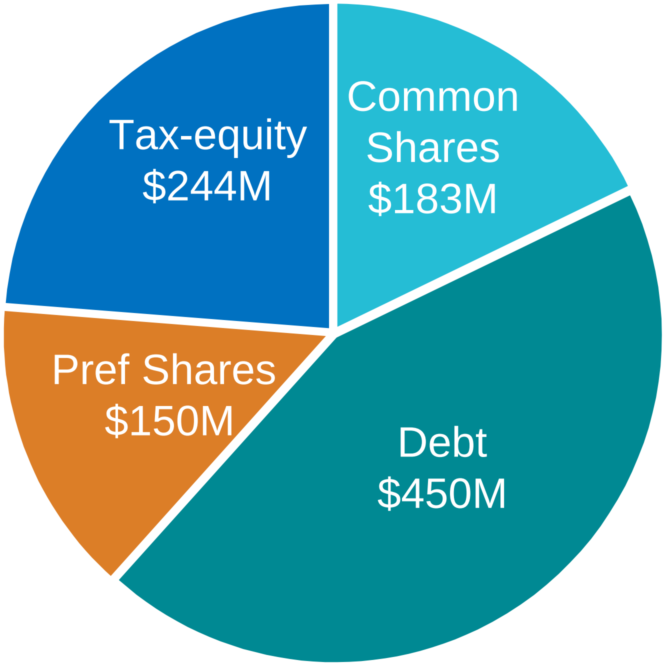
Overview of financial strategy

Ensure 7% annual dividend growth	▪ Annual 7% dividend growth within AFFO payout ratio of 45-55% ▪ Provide stability through contracted cash flow profile
Maintain investment grade credit rating	▪ Maintain and improve competitive cost of capital ▪ Ensure strong access to capital markets ▪ Provides stability to the dividend
Manage financing risk	▪ Properly laddered debt maturities ▪ Effective management of interest rate, foreign exchange and counterparty risk
Ensure economic discipline in growth	▪ Adherence to target return expectation ▪ Accretive to AFFO per share

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%

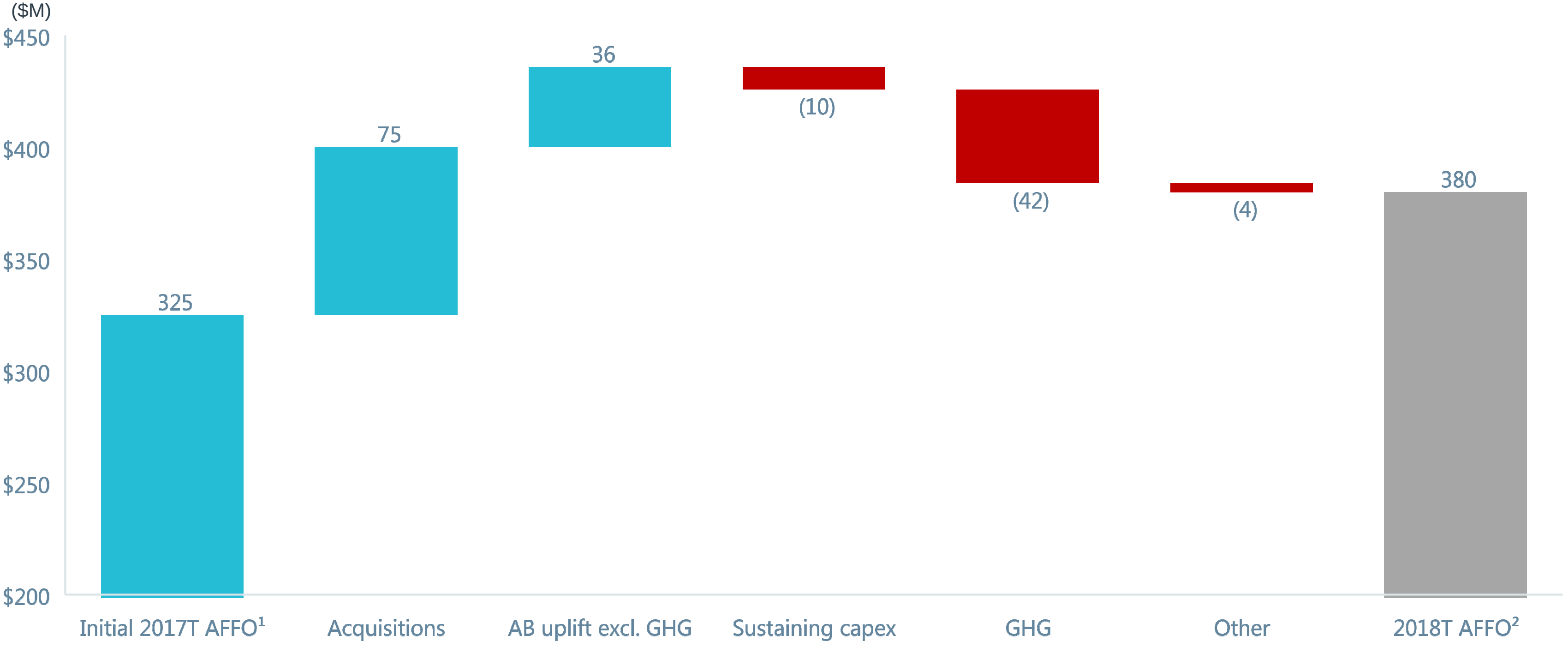
~$1 billion raised in capital



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

Path to 2018 AFFO target

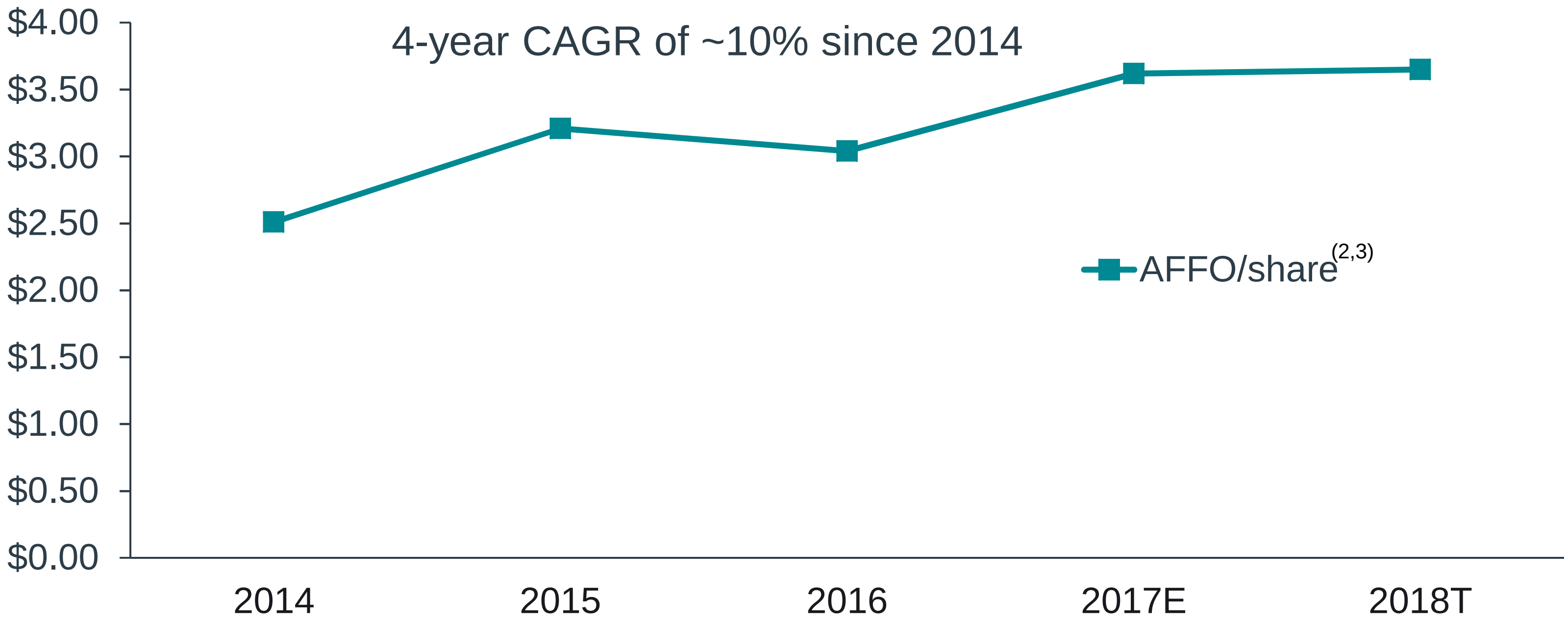
Acquisitions drives 17% net AFFO growth



1) Represents midpoint of $305 - $345M original guidance range.
2) Represents midpoint of $360 - $400M guidance range.

Growing AFFO[1] per share

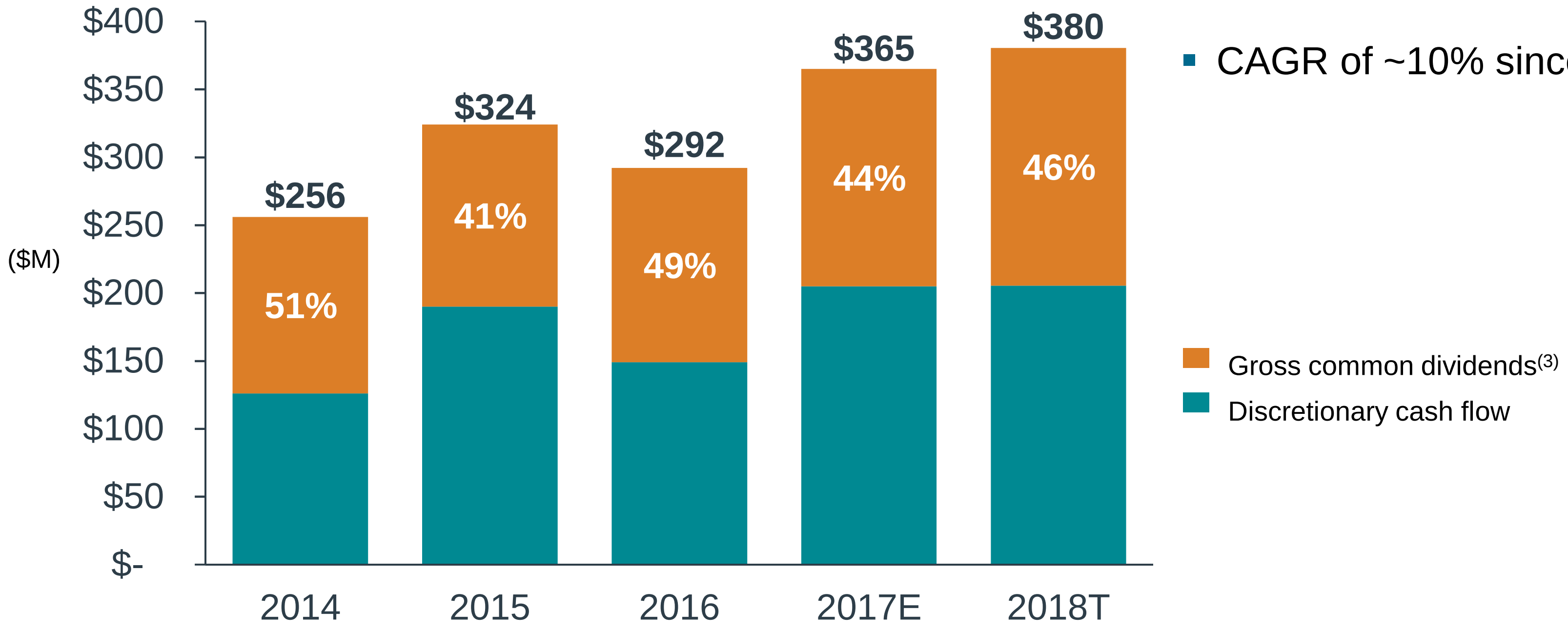
Acquisitions & addition of Bloom Wind in 2017 strengthen AFFO per share in 2017-18



1) Represents Adjusted FFO (2018 method), less the portion allocated to the non-controlling interest (calculated consistent with the proportion of income and distributions allocated to the non-controlling interest in each period). Commencing in 2016, there is no longer a non-controlling interest, therefore, for 2016 onward this metric reflects adjusted FFO (2018 method).
2) Adjusted FFO (2018 method) per share attributable to common shareholders.
3) Adjusted funds from operations (AFFO)/share is a non-GAAP financial measure.

AFFO[1,2] continues to support dividend growth

Cash available for common share dividends and growth

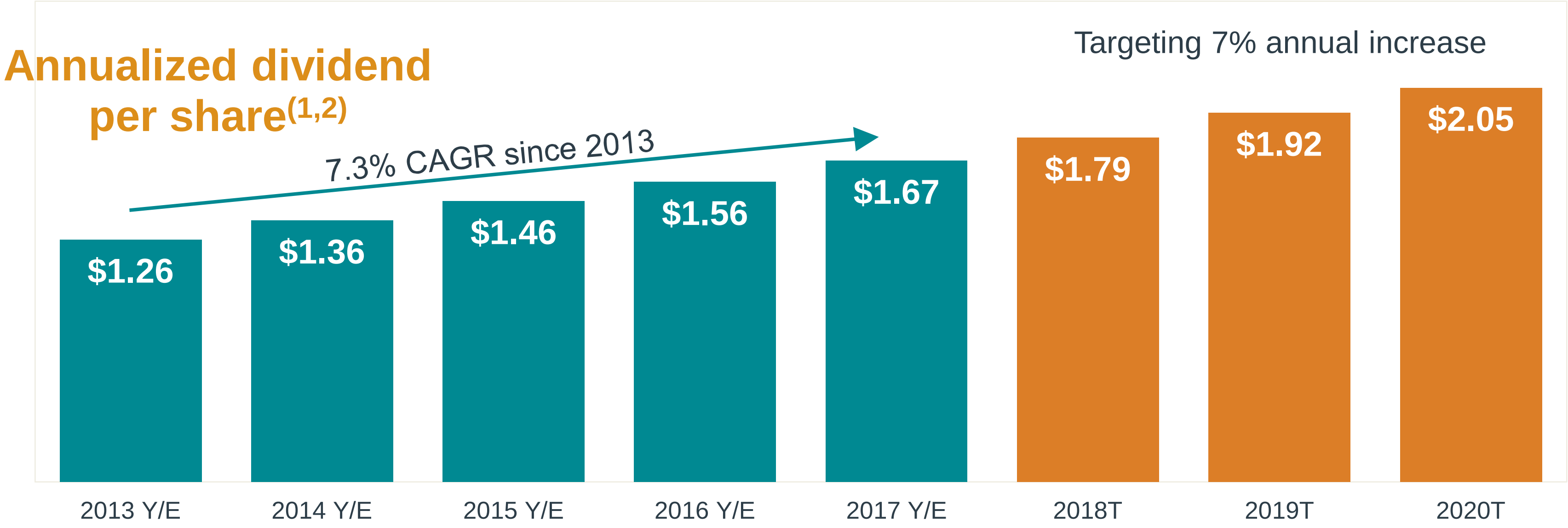


- CAGR of ~10% since 2014

Average 5-year AFFO payout ratio is 46%

1) 2018 AFFO target represents the mid-point of $360M - $400M guidance range. AFFO is a non-GAAP financial measure. See pages 89-90.
2) Historical AFFO figures restated using Adjusted AFFO (2018 method).
3) Includes cash dividends, dividends retained under DRIP, and distributions to EPCOR.

Common share dividend guidance

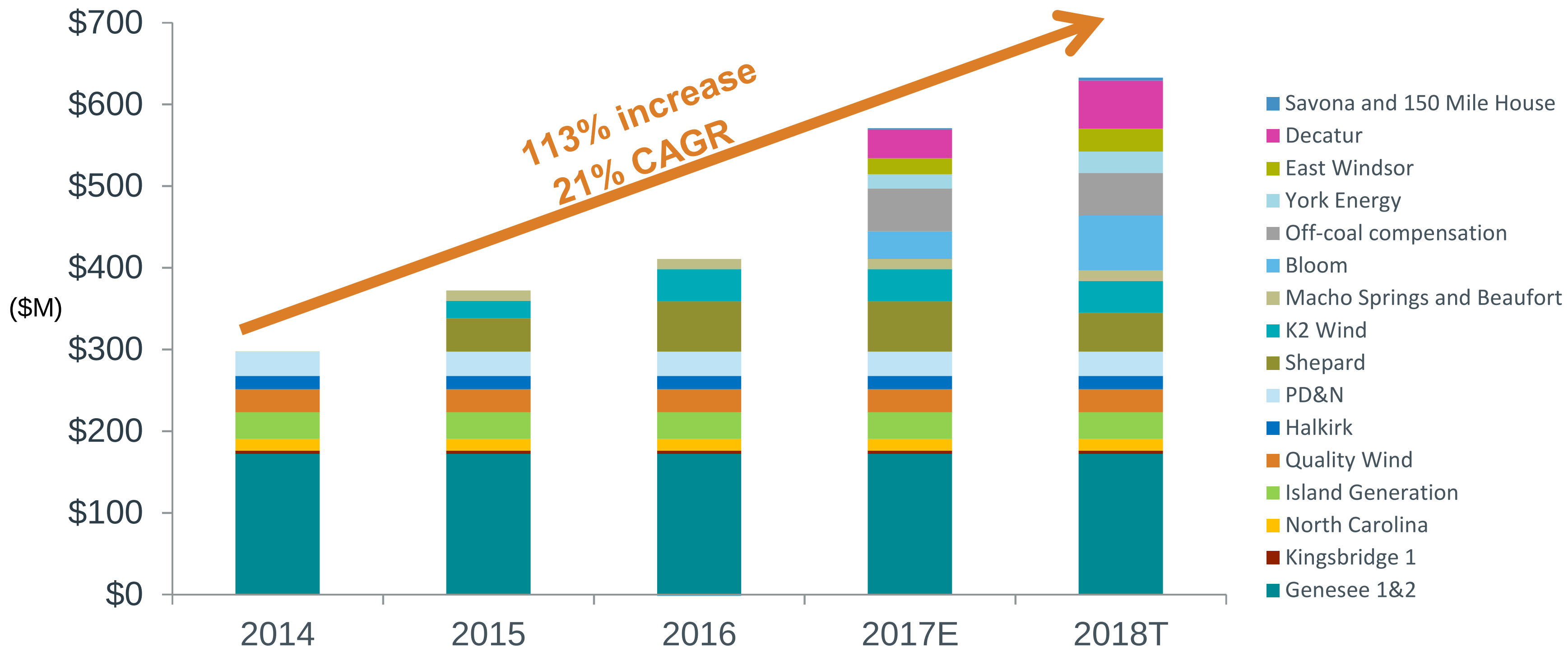


Target annual AFFO payout ratio of 45-55%

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 2017 annualized dividend based on year-end quarterly common shares dividend declared.

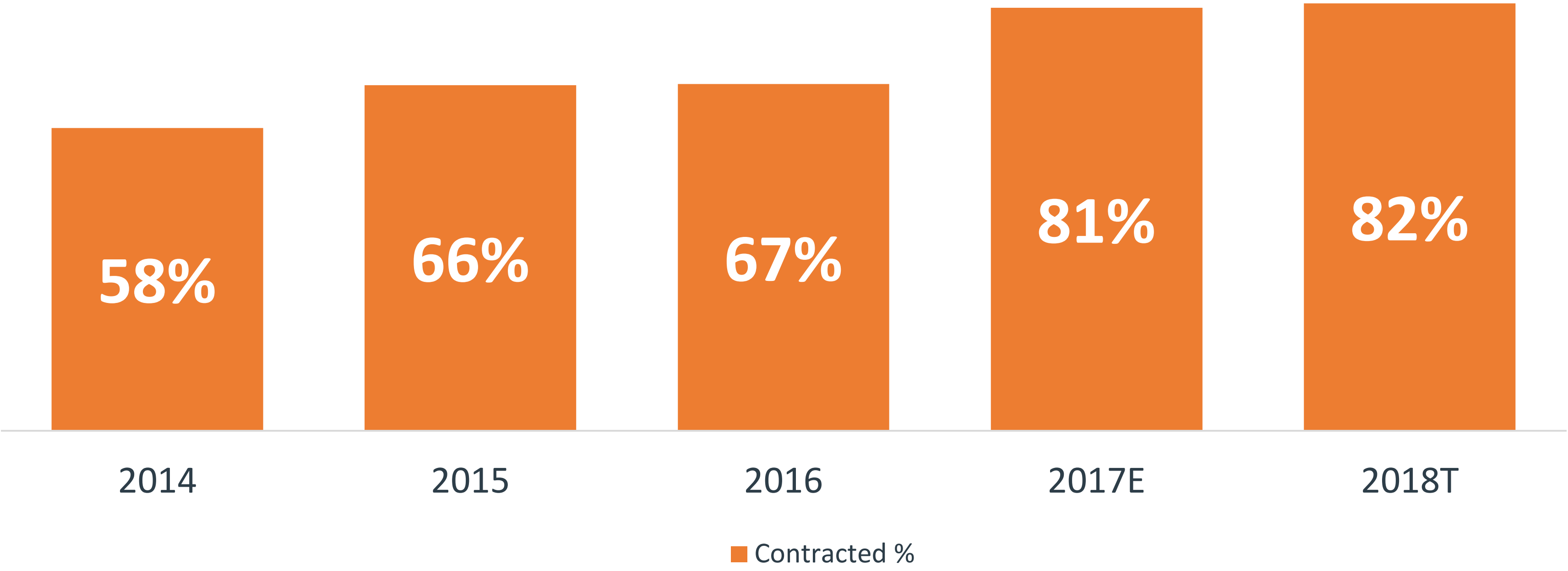
Contracted EBITDA growth(1-5)



Continue to build contracted cash flow profile

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. Shepard contracted portion adjusted in 2018 for toll step-down.
3) Capital Power's share of adjusted EBITDA for all assets.
4) Includes off-coal compensation.
5) Adjusted funds from operations (AFFO) is a non-GAAP financial measure.

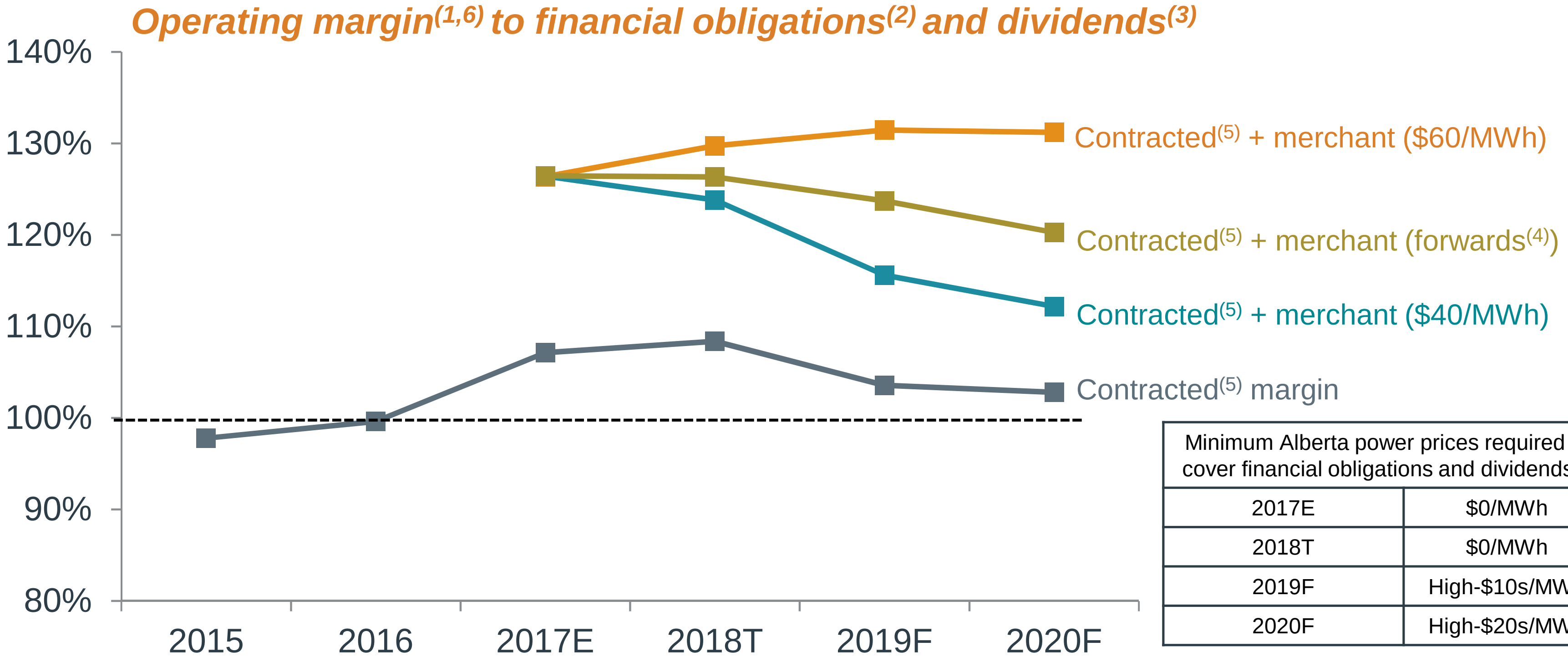
Merchant-contracted mix(1,2,3)



Adjusted EBITDA increasingly derived from contracted assets

1) Adjusted EBITDA includes off-coal compensation and excludes corporate costs.
2) Only includes contracted portions of Halkirk and Shepard plants.
3) Capital Power's share of adjusted EBITDA for all assets.

Financial obligations covered by contracted cash flow



Minimum Alberta power prices required to cover financial obligations and dividends[3]	
2017E	$0/MWh
2018T	$0/MWh
2019F	High-$10s/MWh
2020F	High-$20s/MWh

1) Merchant margin is calculated using $40/MWh and $60/MWh and is based on hedged position as at November 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 2018-2020.
4) Forwards as of November 30, 2017
5) Includes off-coal compensation.
6) Includes finance lease principal payments.

Cash flow and financing outlook

Sufficient funding for current growth projects

Sources of cash flow	2018T ($M)
Funds from operations(3) + coal compensation	$505
Estimated proceeds from tax-equity debt (New Frontier Wind)	$125
	$630
Uses of cash flow	
Dividends (common & preferred shares)	($215)
New Frontier Wind capex	($170)
Debt repayment(1)	($155)
Genesee Performance Standard(2)	($15)
Sustaining and maintenance capex	($85)
	($640)
Deficit to be funded by credit facility draws	**$(10)**

1) Excludes debt repayments to tax equity investor & equity accounted investment debt repayments and net of gains on swap settlements.
2) Genesee Performance Standard (GPS) is a program to reduce CO2 and improve coal plant efficiency. Total program costs of ~$50M.
3) Funds from operations (FFO) is a is a non-GAAP financial measure. See pages 89-90.

AB commercial portfolio positions

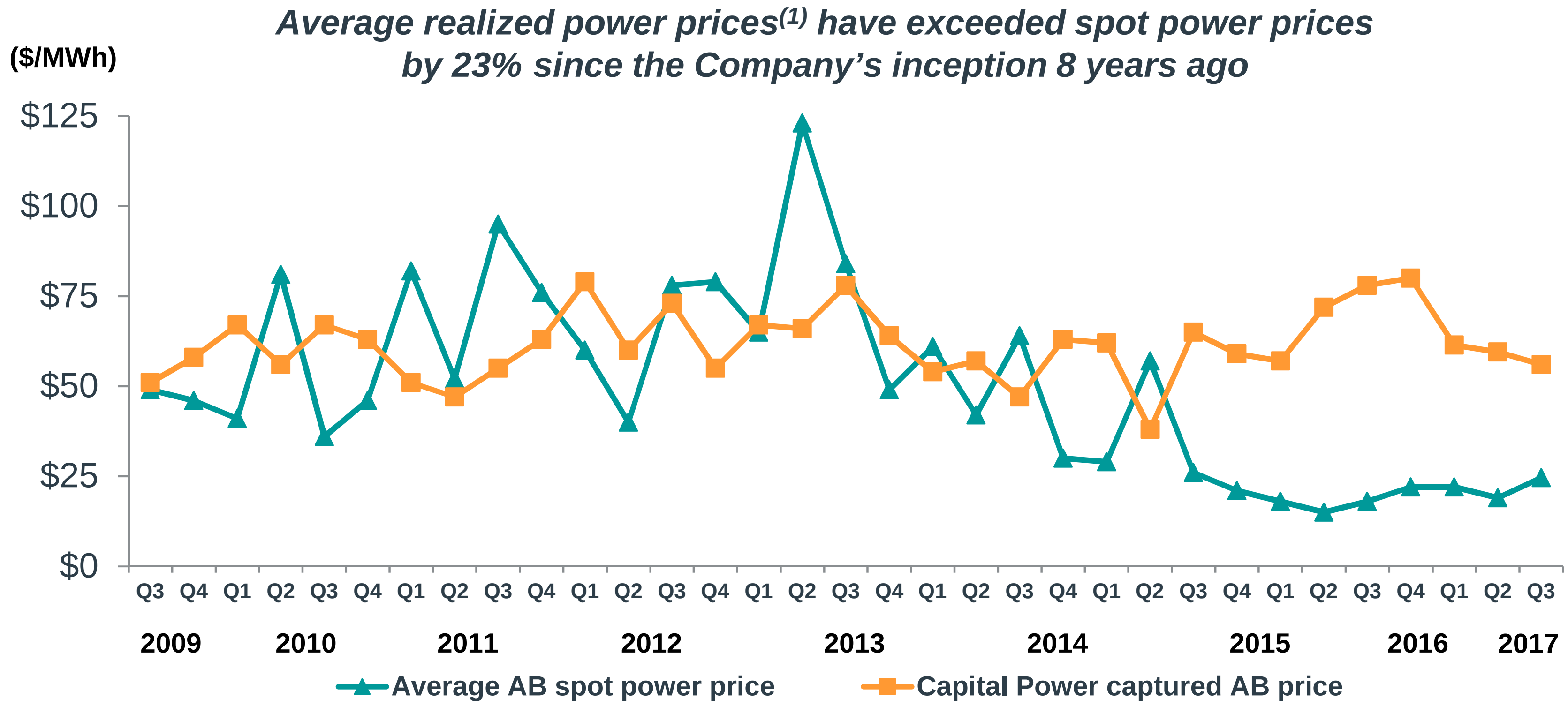
Current Position	2018	2019	2020
% baseload generation sold forward(1)	81%	42%	25%
Contracted prices(2) ($/MWh)	High-$40	Low-$50	Low-$50
Avg. forward prices ($/MWh)	$49	$50	$49
EBITDA sensitivity to a $5/MWh change in spot prices(3) ($M)	$10M	$23M	$27M

Despite high % contracted of the 700MW baseload position in 2018, 340 MW of peaking gas facilities and 150 MW of wind available to capture price volatility

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. Forwards as of November 30, 2017
3) Includes both baseload and non baseload positions

Maximizing the commodity portfolio

Creating incremental value through market expertise



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.

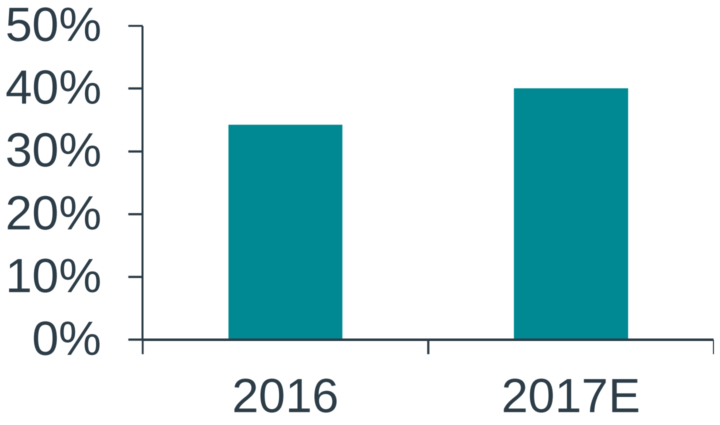
Financial strength

Strong balance sheet and investment grade credit rating

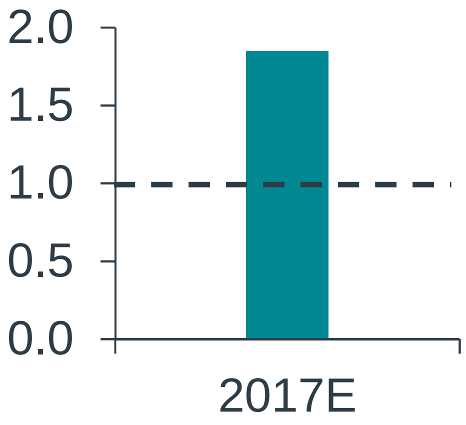
- Investment grade credit ratings by S&P and DBRS
- Continued to be well capitalized with capacity for leverage

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

Debt to total capitalization



Corporate Liquidity[1]

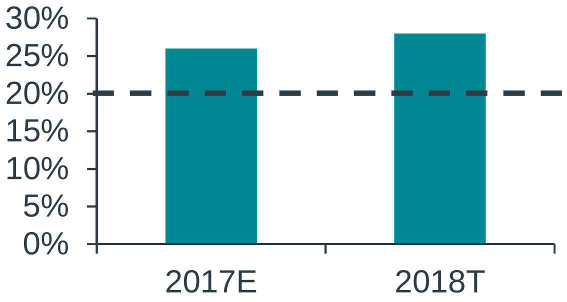


Capital Power is committed to maintaining investment grade

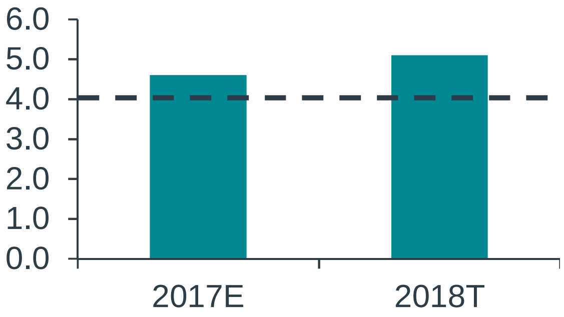
Credit metrics

Within DBRS financial criteria for current rating

Cash flow/Debt[1]

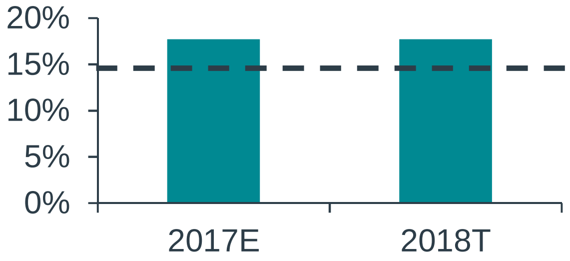


EBITDA/Interest

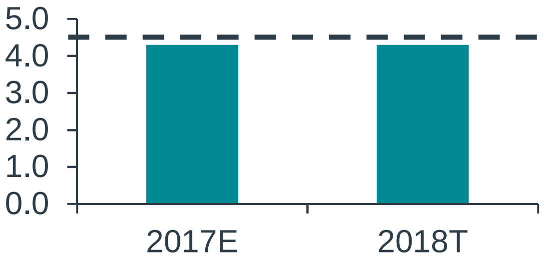


Within S&P financial criteria for investment grade rating

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

- Growing dividend supported by AFFO growth
- Financial obligations and dividends covered by contracted cash flow
- Financial capacity to fund growth
- Access to capital remains strong
- In addition to hedges on 700 MW of baseload generation, have ability to capture upside from higher Alberta power prices or price volatility from 340 MW of peaking gas and 150 MW of wind
- Share price growth expected to be driven by 7% dividend growth and yield compression as Alberta uncertainty continues to subside, increase contracted cash flow, risk reduction and diversification

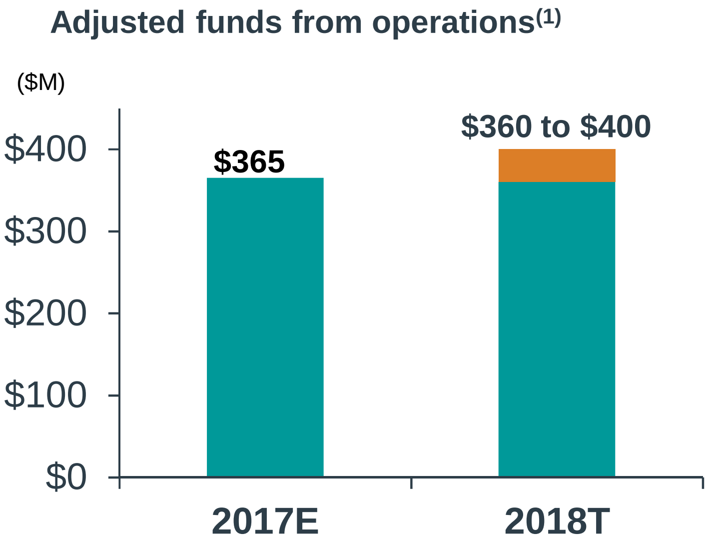
2018 Development & construction targets

Enhance value for shareholders by delivering accretive growth

- Complete New Frontier Wind on time and on budget
- Committed capital of $500 million for contracted growth
- Expect 1-3 wind farms in progress


2018 Financial target

Financial target



2018 key assumptions

- Commodity price assumptions
  - $49/MWh average AB power price
  - ~$2/GJ AECO natural gas
- 81% of AB Commercial portfolio sold forward at high-$40/MWh
- Excludes any impacts from $500M of committed capital for growth
- Expected Adjusted EBITDA (excluding mark-to-market) of $675M

1) See Non-GAAP measures on pages 89-90.

Attractive investment opportunity

2018

- Growth in AFFO partially offset by carbon tax
- Alberta market
  - Other coal plants coming off line and significant demand growth – higher prices
  - Clarity on the new capacity market
- Expect to secure 1-3 contracted wind developments (already secured Whitla Wind)

Beyond 2018

- Actions to reduce GHG emissions by 11% (GPS)
- Improving Alberta power market outlook
- 7% annual dividend growth to 2020
- Strong pipeline of contracted growth opportunities in Canada & US

Reduced risk / strong diversification

- ✓ Increasing contracted cashflow
- ✓ Geographic & fuel source diversification
- ✓ Maximizing optionality & flexibility in coal to gas conversion
- ✓ GPS and carbon credit inventory

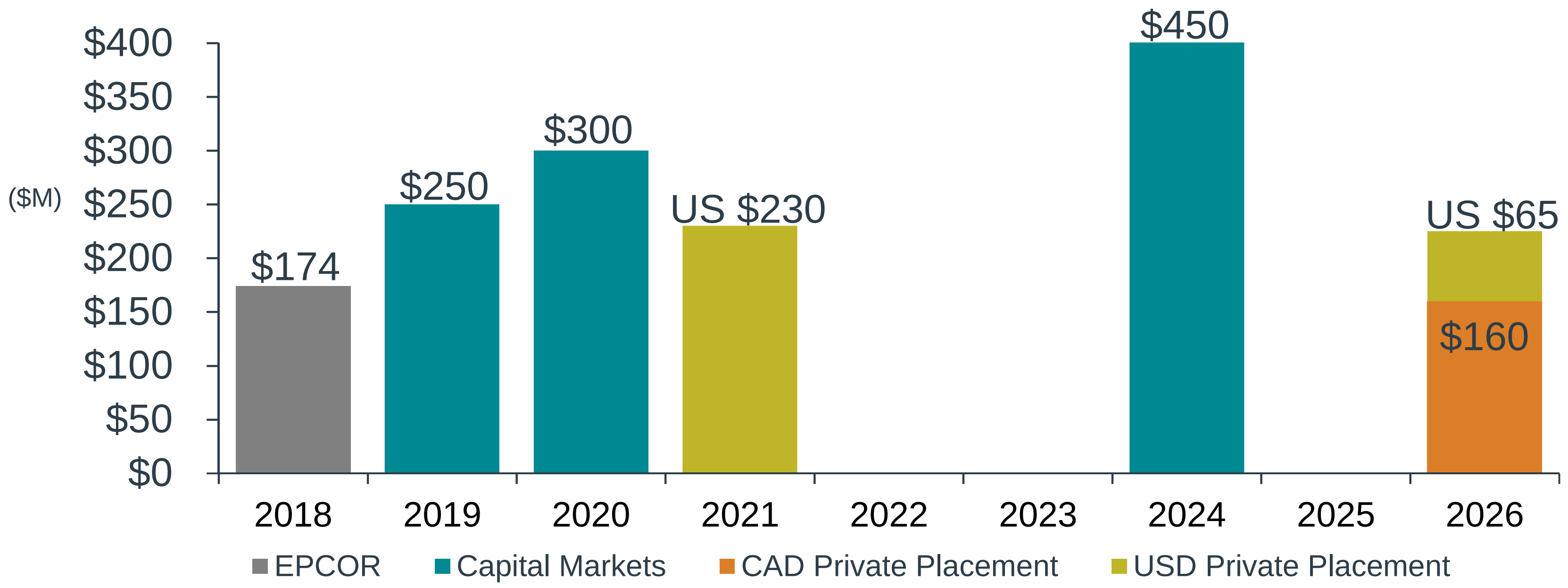
Yield reduction through lower & diversified risk combined with strong cash flow growth

Appendices

Capital Power

Debt maturity schedule[1]

~$1B in committed credit facilities renewed with 5-year tenor maturing 2022, of which virtually all is available[1]



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

1) Debt amounts as of November 30, 2017 excludes non recourse debt, credit facility debt, and tax-equity financing. Amount available on credit facilities as of November 30, 2017.

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	Edmonto n	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

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 (Cogeneratio n; 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

Projects under development/construction

	Alberta Commercial	Alberta Contracted		U.S. Contracted
	Genesee 4&5	**Halkirk 2**	**Whitla Wind (Phase I)**	**New Frontier Wind**
Capacity	Up to 1,060 MW	150 MW	201.6 MW	99 MW
% owned / operated	50 / 100	100 / 100	100 / 100	100 / 100
Location	Warburg	Halkirk	Medicine Hat	McHenry County, North Dakota
Fuel & equipment	Combined-cycle natural gas (Mitsubishi J-Class natural gas turbine technology)	Wind	Wind	Wind (technology to be determined)
Commercial Operations	To be determined		Q4 2019	December 2018
PPA Expiry	8-year tolling arrangement with ENMAX for 50% of Capital Power's share of the output.		20-year contract-for-differences structured contract	12-year fixed price contract
Expected Capital Cost	$1.4B for total project (excluding interest during construction and refundable transmission system contribution payments)		$315M to $325M	$145M (USD)

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. For periods prior to 2017, the Company used funds from operations.

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 adjusted EBITDA to net income (loss) and funds from operations and adjusted funds from operations to net cash flows from operating activities are contained in the Company's quarterly and annual Management's Discussion and Analysis documents available under the Company's profile on SEDAR at www.SEDAR.com and on the Company's website at capitalpower.com.

Adjusted EBITDA

Capital Power uses adjusted EBITDA to measure the operating performance of facilities and categories of facilities from period to period. Management believes that a measure of facility operating performance is more meaningful if results not related to facility operations such as impairments, foreign exchange gains or losses and gains or losses on disposals are excluded from the adjusted EBITDA measure.

Commencing with the Company's March 31, 2016 quarter-end, the reported adjusted EBITDA measure was changed to include Capital Power's share of adjusted EBITDA from its joint venture interests. All comparative adjusted EBITDA amounts for quarters prior to those ended on March 31, 2016 were revised to conform with this change.

Adjusted funds from operations

The Company uses adjusted funds from operations as a measure of the Company's ability to generate cash from its current operating activities to fund growth capital expenditures, debt repayments and common share dividends to the Company's shareholders. Commencing with the Company's March 31, 2018 quarter-end, the Company will be adjusting its adjusted funds from operations measure to better reflect the purpose of the measure. These changes include the following:

- The reduction for sustaining capital expenditures historically included costs associated with the Company's Genesee performance standard project. These costs have been considered further and given that the intent of this project is to improve efficiency of the facility, management considers these costs to be growth in nature, and hence they should not be considered sustaining capital expenditures that would be deducted in the adjusted funds from operations measure.
- In prior periods, there has been an addback included for Part VI.1 preferred dividend tax impacts which effectively contemplated the associated tax deduction related to preferred share dividends that reduced current tax payable. Upon further consideration, since that deduction offsets the cash tax payable related to Part VI.1 preferred dividend taxes, the cash effects of the preferred dividend tax impacts should offset. The remaining impact to adjusted funds from operations should therefore be the current income tax expense without any adjustment pertaining to preferred dividend tax impacts.

Non-GAAP financial measures (cont'd)

- Historically, the impacts of tax equity financing structures on adjusted funds from operations have been insignificant. With the commencement of commercial operations of Bloom Wind in 2017, management has revisited the flow of these operations through the adjusted funds from operations metric. Similar to the treatment of joint venture interests, the treatment of assets under tax equity financing structures has been adjusted to reflect the Company's share of the adjusted funds from operations of these assets within consolidated adjusted funds from operations. To give effect to this change, the deduction for net finance expense now excludes non-cash implicit interest expense pertaining to tax equity financing structures. However, a deduction is made to remove the tax equity project investors' respective shares of the adjusted funds from operations of the assets under tax equity financing structures, as determined by their shares of the distributable cash of the respective operations.

Comparative figures have been restated to reflect the above refinements to the adjusted funds from operations metric.

Adjusted funds from operations represents net cash flows from operating activities adjusted to include net finance expenses and current income tax expenses and exclude changes in operating working capital and distributions received from the Company's joint venture interests. Net finance expenses and current income tax expenses are included as the timing of cash receipts and payments of interest and income taxes and the resulting cash basis amounts are not comparable from period to period. Changes in operating working capital are excluded from adjusted funds from operations as the timing of cash receipts and payments also affects the period-to-period comparability. Distributions received from the Company's joint venture interests are excluded as the distribution is calculated after the effect of joint venture debt payments, which are not considered an operating activity. Adjusted funds from operations is reduced by the tax equity financing project investors' shares of adjusted funds from operations associated with assets under tax equity financing structures to ensure that only the Company's share is reflected in the overall metric. Adjusted funds from operations also exclude the impact of fair value changes in certain unsettled derivative financial instruments that are charged or credited to the Company's bank margin account held with a specific exchange counterparty. Adjusted funds from operations is reduced by sustaining capital expenditures and preferred share dividends and adjusted to include the Company's share of the adjusted funds from operations of its joint venture interests and cash from coal compensation that will be received annually.

Funds from operations
For periods prior to 2017, Capital Power used funds from operations as a measure of the Company's ability to generate cash from its current operating activities to fund capital expenditures, debt repayments, dividends to the Company's shareholders and distributions to non-controlling interests. Funds from operations were net cash flows from operating activities adjusted to include finance and current income tax expenses and exclude changes in operating working capital. They also excluded the impact of fair value changes in certain unsettled derivative financial instruments that were charged or credited to the Company's bank margin account held with a specific exchange counterparty. The Company included interest and current income tax expenses excluding Part VI.1 tax recorded during those periods rather than interest and income taxes paid. The timing of cash receipts and payments of interest and income taxes and the resulting cash basis amounts are not comparable from period to period. The timing of cash receipts and payments also affects the period-to-period comparability of changes in operating working capital which were also excluded from funds from operations.

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.

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