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 (CO₂)
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)**
  - AB: 73%
  - U.S.: 5%
  - ON: 13%
  - BC: 9%

- **2018 Estimate(1)**
  - AB: 56%
  - U.S.: 20%
  - ON: 16%
  - BC: 8%

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

- 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

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

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

**Junior Portfolios**

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

**Halkirk 2**

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

**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 1\textsuperscript{st} round of REP

- One of 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

- 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

Ontario
Targeting 50% renewable generation capacity by 2030
• 1,600 MW of new wind

Saskatchewan

British Columbia
Site C uncertainty
Development sites:
• 2x wind
• 1x gas

Ontario
Nuclear retirements
Market renewal
• Incremental capacity auctions
• Enabling system flexibility
New long-term Energy Plan
Further consolidation

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

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

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

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

Willow Creek
- 100-200 MW
- MISO

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

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

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Generation technology</th>
<th>Contracted capacity</th>
<th>North American footprint</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>42% gas and renewables</td>
<td>66% Contracted</td>
<td>74% Alberta</td>
</tr>
<tr>
<td>2017</td>
<td>56% gas and renewables</td>
<td>81% Contracted</td>
<td>62% Alberta</td>
</tr>
<tr>
<td>2020(1)</td>
<td>68% gas and renewables</td>
<td>82% Contracted</td>
<td>52% Alberta</td>
</tr>
</tbody>
</table>

1) Includes projected growth.
Overview of financial strategy

- Ensure 7% annual dividend growth
- Maintain and improve competitive cost of capital
- Ensure strong access to capital markets
- Provides stability to the dividend
- Properly laddered debt maturities
- Effective management of interest rate, foreign exchange and counterparty risk
- 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%

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.

4-year CAGR of \(~10\%\) since 2014
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)

- Margins have been averaged over the periods except in the year of commissioning/acquisition.
- Only includes contracted portions of Halkirk and Shepard plants. Shepard contracted portion adjusted in 2018 for toll step-down.
- Capital Power’s share of adjusted EBITDA for all assets.
- Includes off-coal compensation.
- Adjusted funds from operations (AFFO) is a non-GAAP financial measure.

Continue to build contracted cash flow profile

113% increase
21% CAGR

Savona and 150 Mile House
Decatur
East Windsor
York Energy
Off-coal compensation
Bloom
Macho Springs and Beaufort
K2 Wind
Shepard
PD&N
Halkirk
Quality Wind
Island Generation
North Carolina
Kingsbridge 1
Genesee 1&2
Merchant-contracted mix \((1,2,3)\)

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.

Adjusted EBITDA increasingly derived from contracted assets

- 2014: 58%
- 2015: 66%
- 2016: 67%
- 2017E: 81%
- 2018T: 82%
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

<table>
<thead>
<tr>
<th>Source</th>
<th>2018T ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds from operations(^{(3)}) + coal compensation</td>
<td>$505</td>
</tr>
<tr>
<td>Estimated proceeds from tax-equity debt (New Frontier Wind)</td>
<td>$125</td>
</tr>
<tr>
<td></td>
<td>$630</td>
</tr>
</tbody>
</table>

Uses of cash flow

<table>
<thead>
<tr>
<th>Use</th>
<th>2018T ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends (common &amp; preferred shares)</td>
<td>($215)</td>
</tr>
<tr>
<td>New Frontier Wind capex</td>
<td>($170)</td>
</tr>
<tr>
<td>Debt repayment(^{(1)})</td>
<td>($155)</td>
</tr>
<tr>
<td>Genesee Performance Standard(^{(2)})</td>
<td>($15)</td>
</tr>
<tr>
<td>Sustaining and maintenance capex</td>
<td>($85)</td>
</tr>
<tr>
<td></td>
<td>($640)</td>
</tr>
</tbody>
</table>

Deficit to be funded by credit facility draws

| 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

<table>
<thead>
<tr>
<th>Current Position</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>% baseload generation sold forward&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>81%</td>
<td>42%</td>
<td>25%</td>
</tr>
<tr>
<td>Contracted prices&lt;sup&gt;(2)&lt;/sup&gt; ($/MWh)</td>
<td>High-$40</td>
<td>Low-$50</td>
<td>Low-$50</td>
</tr>
<tr>
<td>Avg. forward prices ($/MWh)</td>
<td>$49</td>
<td>$50</td>
<td>$49</td>
</tr>
<tr>
<td>EBITDA sensitivity to a $5/MWh change in spot prices&lt;sup&gt;(3)&lt;/sup&gt; ($M)</td>
<td>$10M</td>
<td>$23M</td>
<td>$27M</td>
</tr>
</tbody>
</table>

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

Average realized power prices have exceeded spot power prices by 23% since the Company’s inception 8 years ago

Average AB spot power price
Capital Power captured AB price

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.
capitalpower.com
Financial strength
Strong balance sheet and investment grade credit rating

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

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

Debt to total capitalization

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

Capital Power is committed to maintaining investment grade
Credit metrics

Within DBRS financial criteria for current rating

Within S&P financial criteria for investment grade rating

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
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

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

<table>
<thead>
<tr>
<th></th>
<th>Island Generation</th>
<th>Quality Wind</th>
<th>Savona</th>
<th>150 Mile House</th>
<th>Port Dover &amp; Nanticoke</th>
<th>Kingsbridge 1</th>
<th>K2 Wind</th>
<th>York Energy</th>
<th>East Windsor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capacity</strong></td>
<td>275 MW</td>
<td>142 MW</td>
<td>5 MW</td>
<td>5 MW</td>
<td>105 MW</td>
<td>40 MW</td>
<td>270 MW</td>
<td>400 MW</td>
<td>84 MW</td>
</tr>
<tr>
<td><strong>% owned / operated</strong></td>
<td>100 / 100</td>
<td>100 / 100</td>
<td>100 / 0</td>
<td>100 / 0</td>
<td>100 / 100</td>
<td>100 / 100</td>
<td>33.3% owned</td>
<td>50 / 100</td>
<td>100 / 100</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Campbell River, BC</td>
<td>Tumbler Ridge, BC</td>
<td>BC</td>
<td>BC</td>
<td>Counties of Norfolk and Haldimand, Ontario</td>
<td>Goderich, Ontario</td>
<td>Ashfield-Colborne-Wawanosh, Ontario</td>
<td>Township of King, Ontario</td>
<td>Windsor, Ontario</td>
</tr>
<tr>
<td><strong>Fuel &amp; equipment</strong></td>
<td>Natural gas (Combined cycle - Alstom GT24B gas turbine &amp; Alstom steam turbine)</td>
<td>Vestas wind turbines</td>
<td>Waste Heat</td>
<td>Waste Heat</td>
<td>Vestas wind turbines</td>
<td>Vestas wind turbines</td>
<td>Siemens wind turbines</td>
<td>Natural gas (Simple cycle; two Siemens SGT6-5000F combustion turbine generators)</td>
<td>Natural gas (Cogeneratio n; two GE LM 6000PD turbines)</td>
</tr>
<tr>
<td><strong>PPA Expiry</strong></td>
<td>2022</td>
<td>2037</td>
<td>2028</td>
<td>2028</td>
<td>2033</td>
<td>2026 / 2027</td>
<td>2035</td>
<td>2032</td>
<td>2029</td>
</tr>
</tbody>
</table>
### Summary of assets

<table>
<thead>
<tr>
<th></th>
<th>Roxboro</th>
<th>Southport</th>
<th>Macho Springs</th>
<th>Beaufort Solar</th>
<th>Decatur</th>
<th>Bloom Wind</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capacity</strong></td>
<td>46 MW</td>
<td>88 MW</td>
<td>50 MW</td>
<td>15 MW</td>
<td>795 MW</td>
<td>178 MW</td>
</tr>
<tr>
<td><strong>% owned / operated</strong></td>
<td>100 / 100</td>
<td>100 / 100</td>
<td>100 / 100</td>
<td>100 (sale &amp; leaseback) / 100</td>
<td>100 / 100</td>
<td>100 / 100</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Roxboro, North Carolina</td>
<td>Southport, North Carolina</td>
<td>Luna County, New Mexico</td>
<td>Beaufort County, North Carolina</td>
<td>Decatur, Alabama</td>
<td>Ford and Clark Counties, Kansas</td>
</tr>
<tr>
<td><strong>Fuel &amp; equipment</strong></td>
<td>Mixture of wood residuals, tire-derived fuel and coal</td>
<td>Mixture of wood residuals, tire-derived fuel and coal</td>
<td>Vestas wind turbines</td>
<td>Solar</td>
<td>Natural gas (Combined cycle; 3X1 CCGT Siemens 501FD2 combustion turbines)</td>
<td>Vestas wind turbines</td>
</tr>
<tr>
<td><strong>PPA Expiry</strong></td>
<td>2021</td>
<td>2021</td>
<td>2031</td>
<td>2030</td>
<td>2022</td>
<td>2027</td>
</tr>
</tbody>
</table>
## Projects under development/construction

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

The Company uses (i) earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense from 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.
Investor Relations

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