Capital Power Overview

- IPP with ownership interest in 17 facilities in Canada and the US totaling more than 3,200 MW\(^1\)
- Excellent assets in good markets with solid operating performance
- Substantial growth in contracted operating margins expected to significantly cover financial obligations and growing dividends in 2015 and beyond
- Well-positioned to weather bottom of Alberta power market cycle with significant % of merchant cash flows hedged in the near term
- Strong pipeline of contracted growth opportunities in North America
- Listed on TSX (CPX) with a market cap of $2.1B\(^2\)

Fuel type breakdown (based on MW capacity):
- Coal 44%
- Gas 35%
- Wind 18%
- Solid Fuels 3%

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1) Based on MW owned capacity as of Jul 31/15; excludes Sundance PPA (371 MW).
2) Market capitalization as of Aug 31/15.
Relative Generation Costs

Cost of wind and natural gas combined cycle is nearing parity

Source: AESO 2014 Long Term Outlook, Levelized Unit Electricity Costs (LUEC) in 2013 $Cdn/MWh. Costs included in the calculation are capital, operating and maintenance, fuel, emissions and taxes, and excludes transmission-related charges.
Key Questions for Policy Makers

- How do you ensure the most cost effective generation mix while maintaining reliability?

- How do you integrate GHG policies while ensuring the most cost effective generation mix?

The answer to these questions needs to recognize the existing market design.
Alberta Market Design

Stable market design has signalled the addition of 7 GW of new generation

1) Source: AESO
Principles for Future Policy Directions

- Deliver an immediate, permanent and accelerated reduction in coal emissions
- Reduce emissions from new sources of electricity, and make renewables a competitive choice for new builds
- Have a modest impact to power prices for consumers and maintain grid reliability
Current Legislation on Coal Retirements

Retirements under the federal Capital Stock Turnover (CST) regulations

Alberta coal generation (MW)

- No need to change current mandated retirements.
- Improve incentives to reduce coal fired generation during the remainder of their economic lives.
- Replacement generation can be sourced from renewables under the existing market design.
British Columbia

- Have seen a shift in government strategies towards choosing a specific technology (ie. Site C – large-scale hydroelectric dam on the Peace River in N.E. BC)

- Believe a competitive procurement process for IPPs that considers a mix of generation technologies would be more beneficial and recognize the dynamic cost environment for generation technologies
Ontario

- Have seen a shift in government strategies towards choosing a specific technology (i.e., refurbishments of nuclear plants)

- Believe a competitive procurement process for IPPs that considers a mix of generation technologies would be more beneficial and recognize the dynamic cost environment for generation technologies
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