CAPITAL POWER

2016 Investor Day
December 15, 2016

Executing for success

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Forward-looking information

Cautionary statement

Certain information in today's presentations 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 were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information.

Please refer to the forward-looking information slides at the end of the presentation and in our disclosure documents filed with securities regulators on SEDAR, which contain 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.

The forward-looking information contained in today's presentations is provided for the purpose of providing information about management's current expectations and plans relating to the future. Such information may not be appropriate for other purposes.

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Executive leadership team

Brian Vaasjo
President & Chief Executive Officer

Jacquie Pylypiuk
VP Human Resources

Kate Chisholm
SVP Legal & External Relations

Darcy Trufyn
SVP Operations, Engineering & Construction

Bryan DeNeve
SVP Finance & Chief Financial Officer

Mark Zimmerman
SVP Corporate Development & Commercial Services

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Agenda

Time	Topic	Presenter
9:00 am	Introduction	Randy Mah
	Executing on Strategy	Brian Vaasjo
	Executing on Operational Excellence	Darcy Trufyn
	Executing on Growth	Mark Zimmerman
	Break	
	Executing with Financial Strength	Bryan DeNeve
	2017 Corporate Priorities	Brian Vaasjo
	Q&A session	
12 noon	Lunch	

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Executing on Strategy

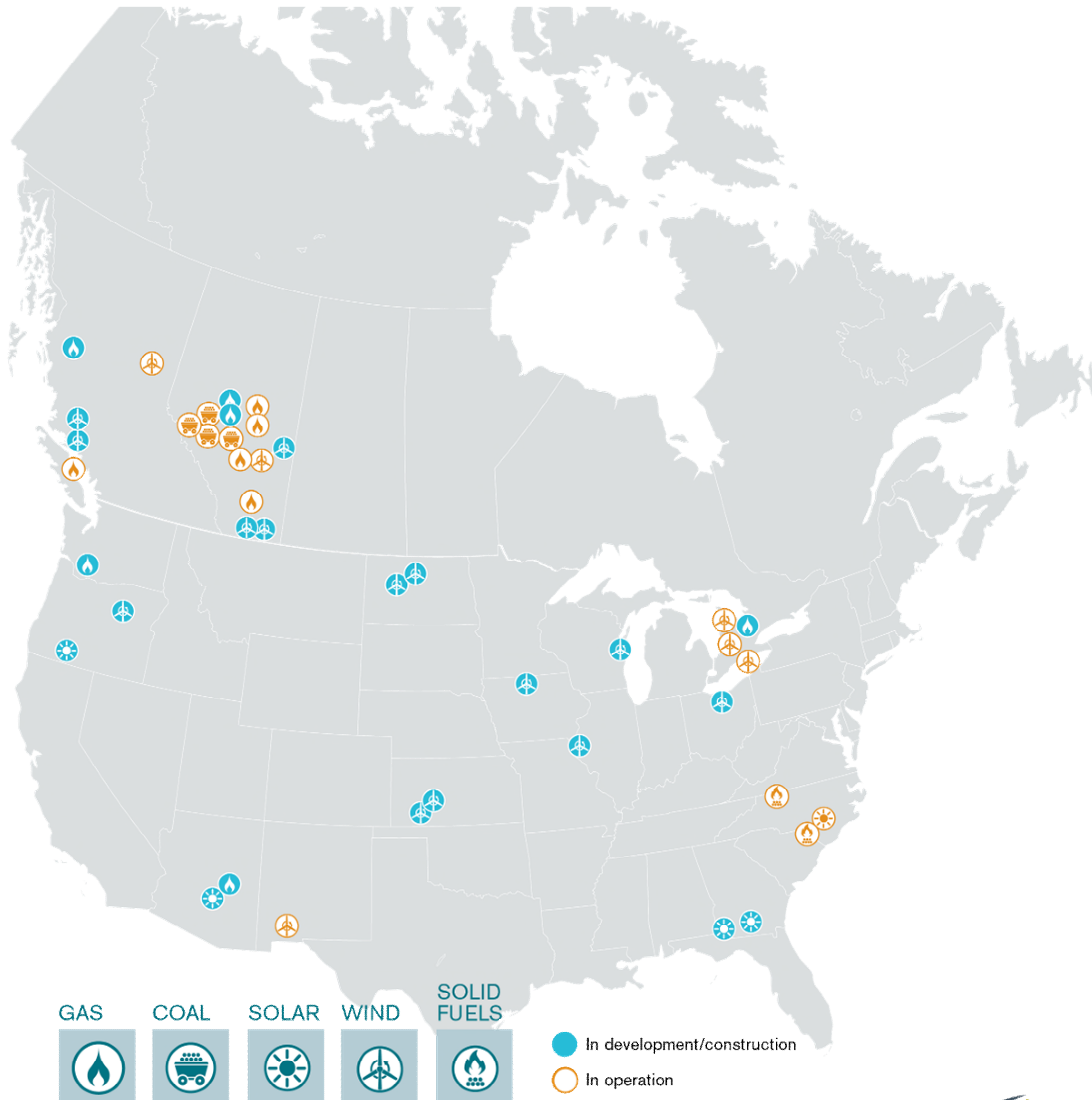
Brian Vaasjo

President & CEO

Company overview

- **Company:** growth-oriented North American IPP
- **Assets:** young and modern fleet of assets
- **Competencies:** proven operating, development, construction & risk management expertise
- **Balance Sheet:** strong contracted cash flow supports asset and dividend growth

Capital Power's footprint



As of December 2016

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Execution in 2016

Excellent existing operations

- Exceeded operating performance on our plants
- Met or beat all cost objectives
- Bettered sustaining capex target
- Continued efforts on reducing carbon footprint
- Excellent realized AB power price

Enhanced financial strength

- Recent financings
- Incremental cash flow from coal compensation
- AFFO growth supporting a growing dividend

Execution in 2016

Executing on growth opportunities

- Construction of Bloom Wind & tax equity investment with the Goldman Sachs Alternative Energy Group
- U.S. wind project
- Potential investment in coal mine
- Continue to maintain G4/G5 optionality
- Strengthened position in AB and the U.S.

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Turning the corner in Alberta

- Coal Phase-Out Agreement
- Termination of Sundance C PPA
- Transition to a capacity market
- Environmental regulations

Coal phase-out agreement with AB Gov’t

Capital Power will receive

- 14 annual payments of $52.4M totaling $734M
- Annual payments start July 31, 2017 through to July 31, 2030
- Based on proposed NBV adjusted for consideration of potential for non-stranded assets

Conditions and Obligations

- Coal plants cease coal-fired emissions on or before Dec 31, 2030
- Spend $1M minimum each calendar year and $70M in total over the 14-year period on electricity business investments in Alberta (new capital investments, sustaining & major maintenance capex)
- Maintain a continual significant business presence in Alberta (head office, 200 employees, participate in electricity market)

Termination of Sundance C PPA

AB Government has agreed to discontinue its legal action against Capital Power

- Capital Power and its syndicate partners to pay the Balancing Pool $39M (Capital Power’s portion is $20M or $15 million after-tax) in Q4/16
- Represents a fair settlement given the uncertainty regarding the effective date of termination and PPA value decline

Allows Capital Power and Government to move forward more constructively

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Transition to a capacity market

Alberta Government announced moving to a capacity market from current energy only market

- Government committed to ensuring that existing investments would be treated fairly, and the new market framework would continue to promote a level playing field between existing and potential new capacity
- Tremendous amount of detail to work out on market design
  - Properly designed and implemented, Capital Power should be able to realize on its proven competencies in the new market
- Generally positive for coal and natural gas conversions
- First target auction in 2019 for 2020/2021 focused primarily on existing generation
- REP is on a contract for differences basis

Federal environmental regulations

Recent proposed federal regulations

- Federal government plans to amend regulations requiring all coal-fired generation to meet an emissions limit of 420 tonnes of CO_2 per GWh by no later than 2030 matching AB's CLP
- Converted natural gas plants from coal allowed to emit 550 t/GWh for 15 years to 2045, whichever comes first then drops to 420t/GWh
- Allows extension of Capital Power's coal units out as long as potentially 2045 and beyond
  - Attractive economics – low cost of conversion, lower maintenance capex, remaining asset lives

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Executing on proven competencies

Operational excellence	Increasing performance and reducing risk at a lower cost while managing GHG cost and risk
Contracted growth	Delivering opportunities in the U.S. and positioned to continue
Alberta market	Excellent assets & skills in energy only market are transferable to capacity market
Alberta growth	Positioned to continue to be the leading developer in Alberta
Financial strength	Stronger balance sheet, greater capacity and lower risk
Dividend growth	Executing to maintain and grow dividends

Executing on Operational Excellence

Darcy Trufyn

SVP Operations, Engineering & Construction

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Maximizing asset value

Our journey continues

- Year five of reliability program
- Asset management plans for all facilities
- Result: high fleet availability + lower O&M costs
- Continued risk reduction/mitigation
- Industry leading Health, Safety, Environment (HSE) performance
- Carbon reduction program implemented in response to Alberta’s CLP

Sustained excellence in operations

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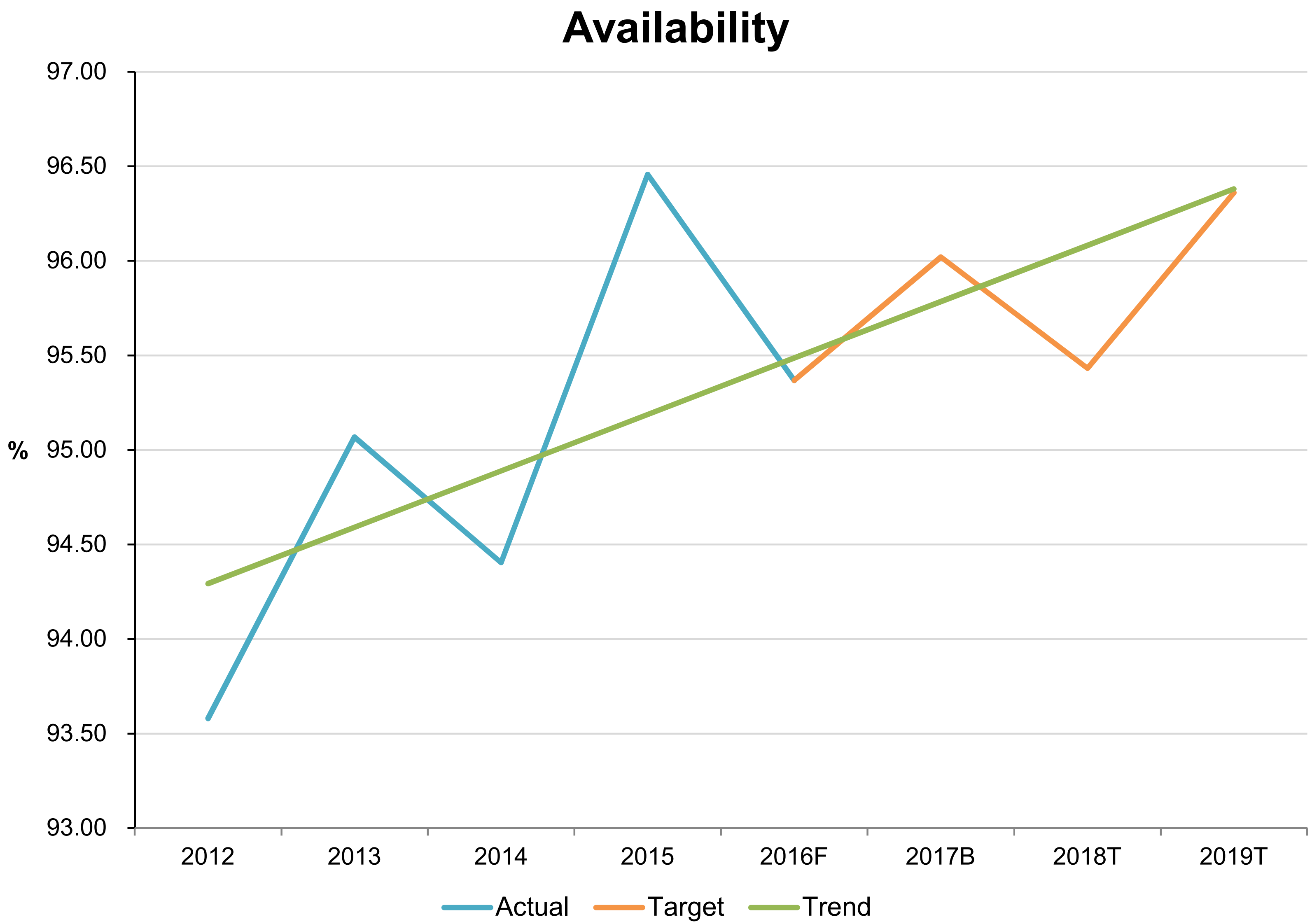
Maximizing fleet performance



Industry-leading performance

* Genesee has an extra planned outage on even years.

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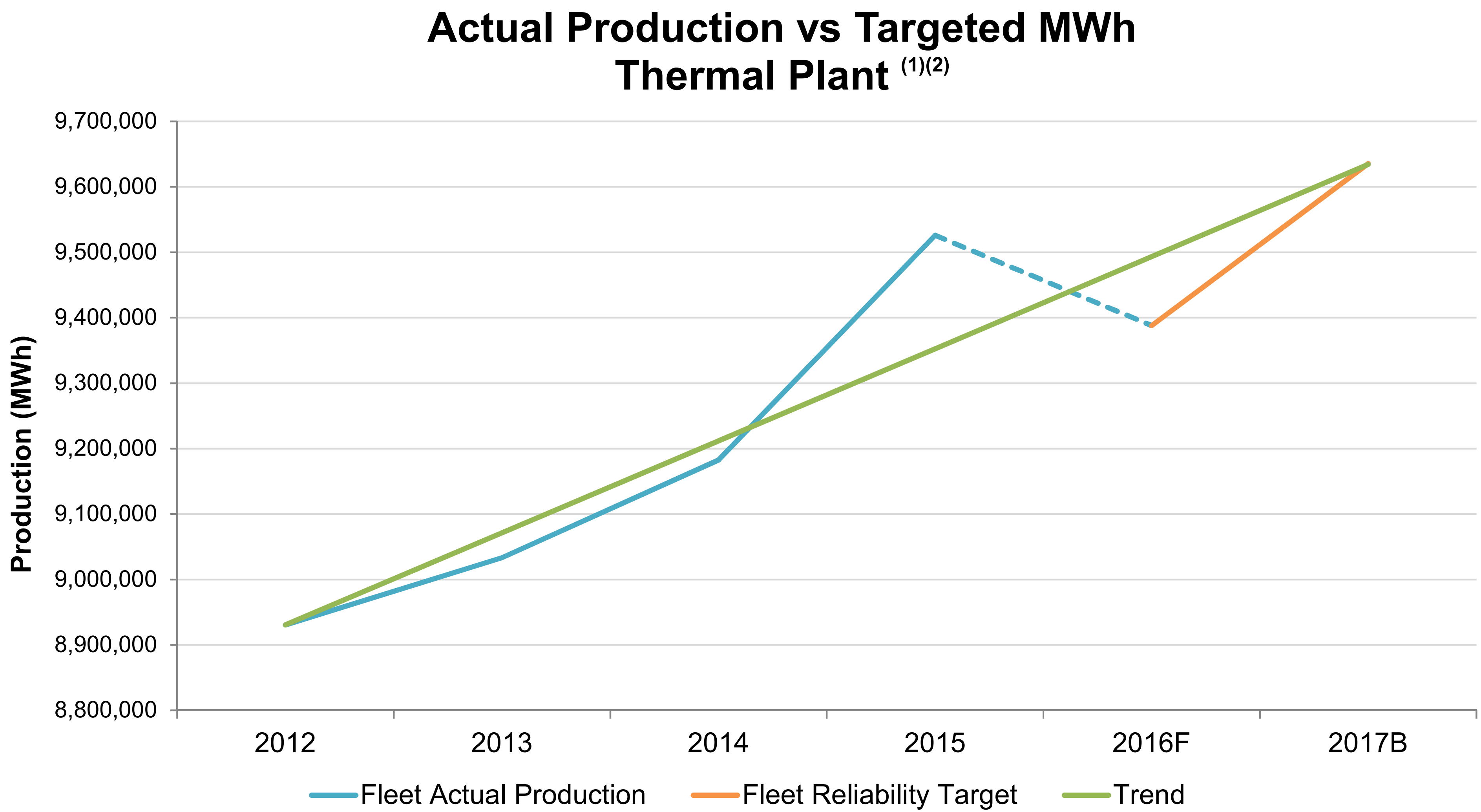
Maximizing revenue potential



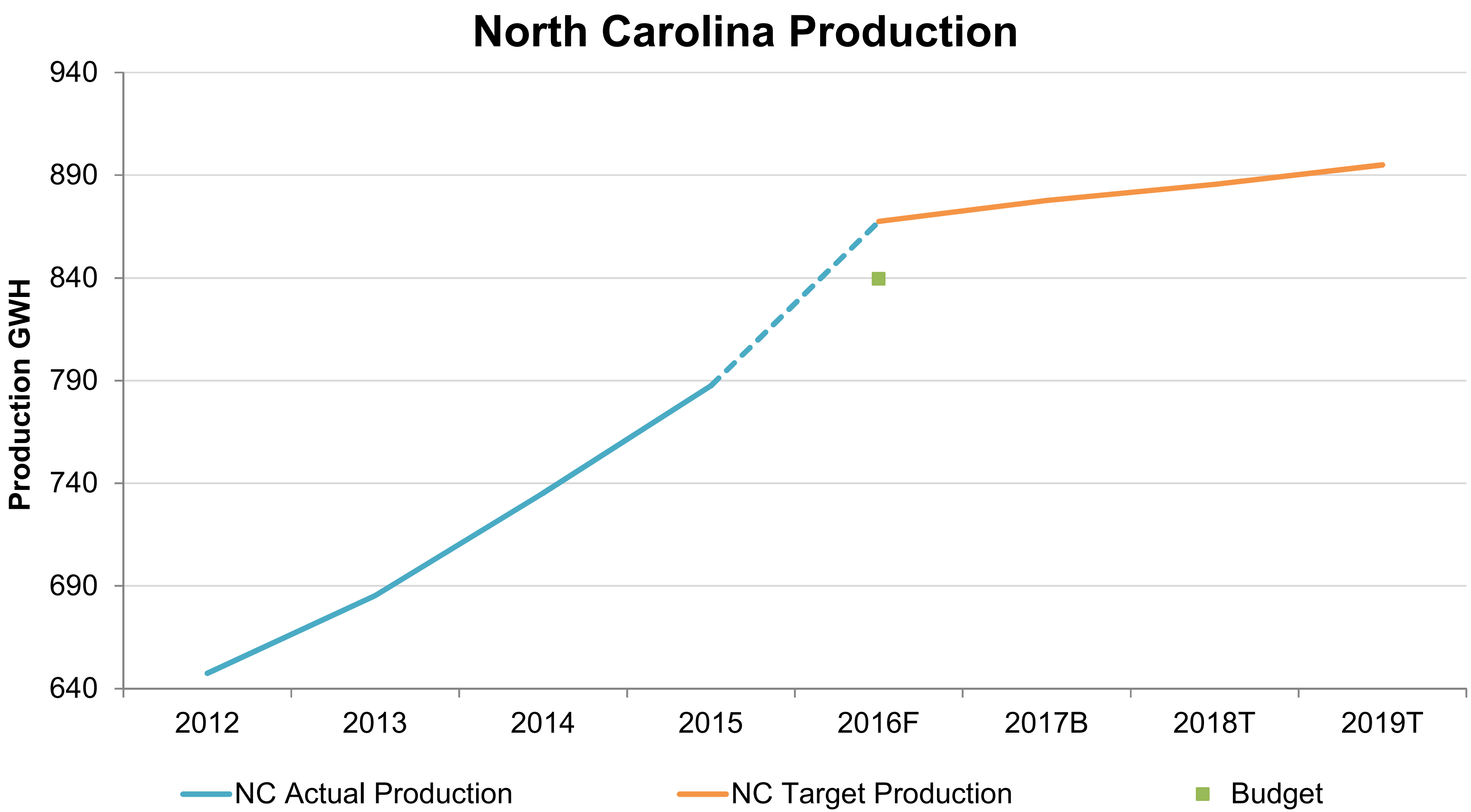
Improved reliability = higher fleet output

1) Excludes Island Generation facility.
2) Capital Power operated thermal plants only.

Solid fuel facilities – North Carolina

Southport: 84 MW + steam; Roxboro: 48 MW

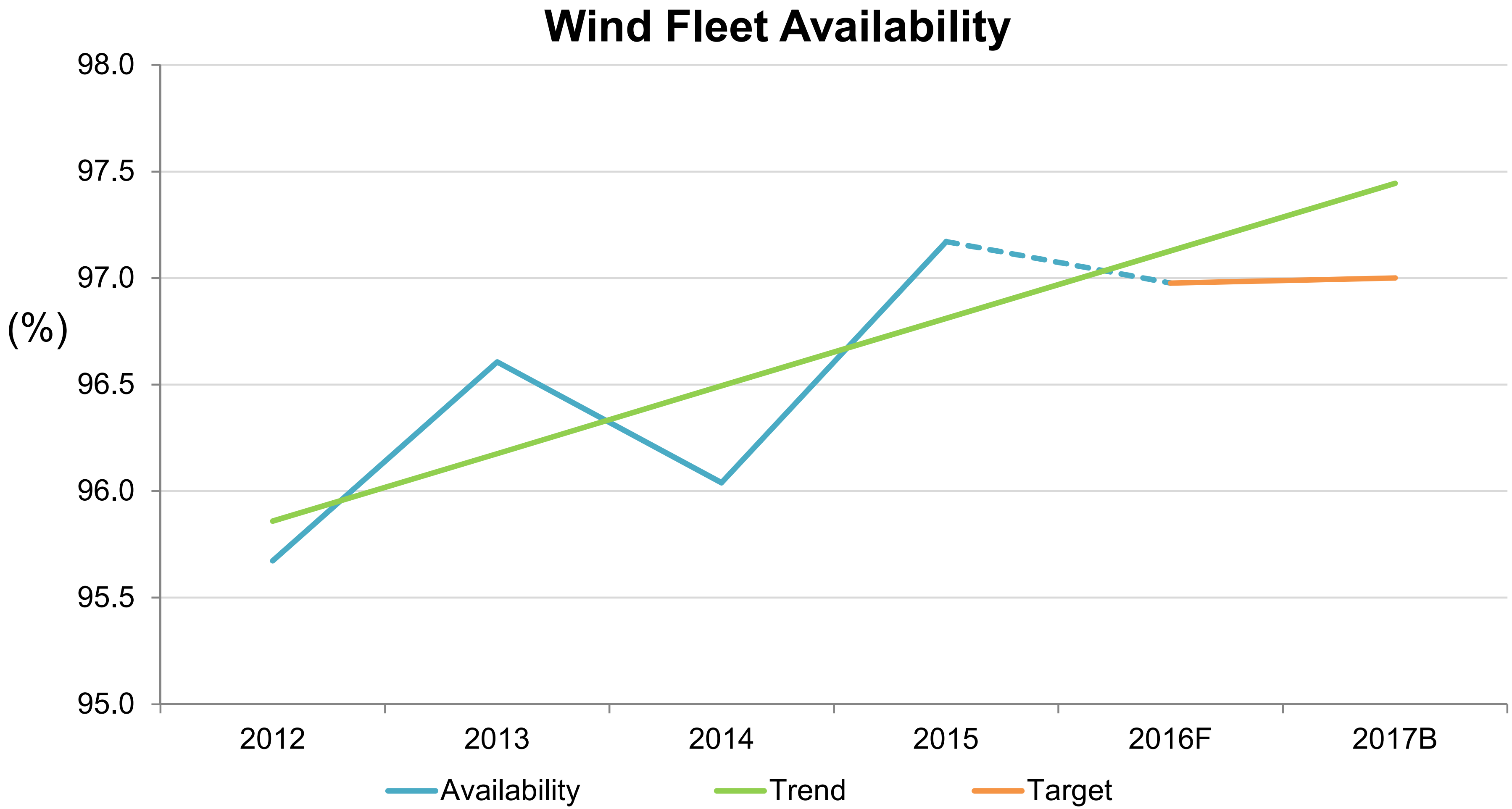
Both plants use tri-fuel blend (wood/tire-derived fuel/coal)



Continued year-over-year production improvement

Renewables facilities

Quality: 142 MW
Halkirk: 150 MW
PDN: 105 MW
Kingsbridge 1: 40 MW
K2 (CP Share): 90 MW
Macho Springs: 50 MW



Improved availability at our wind facilities

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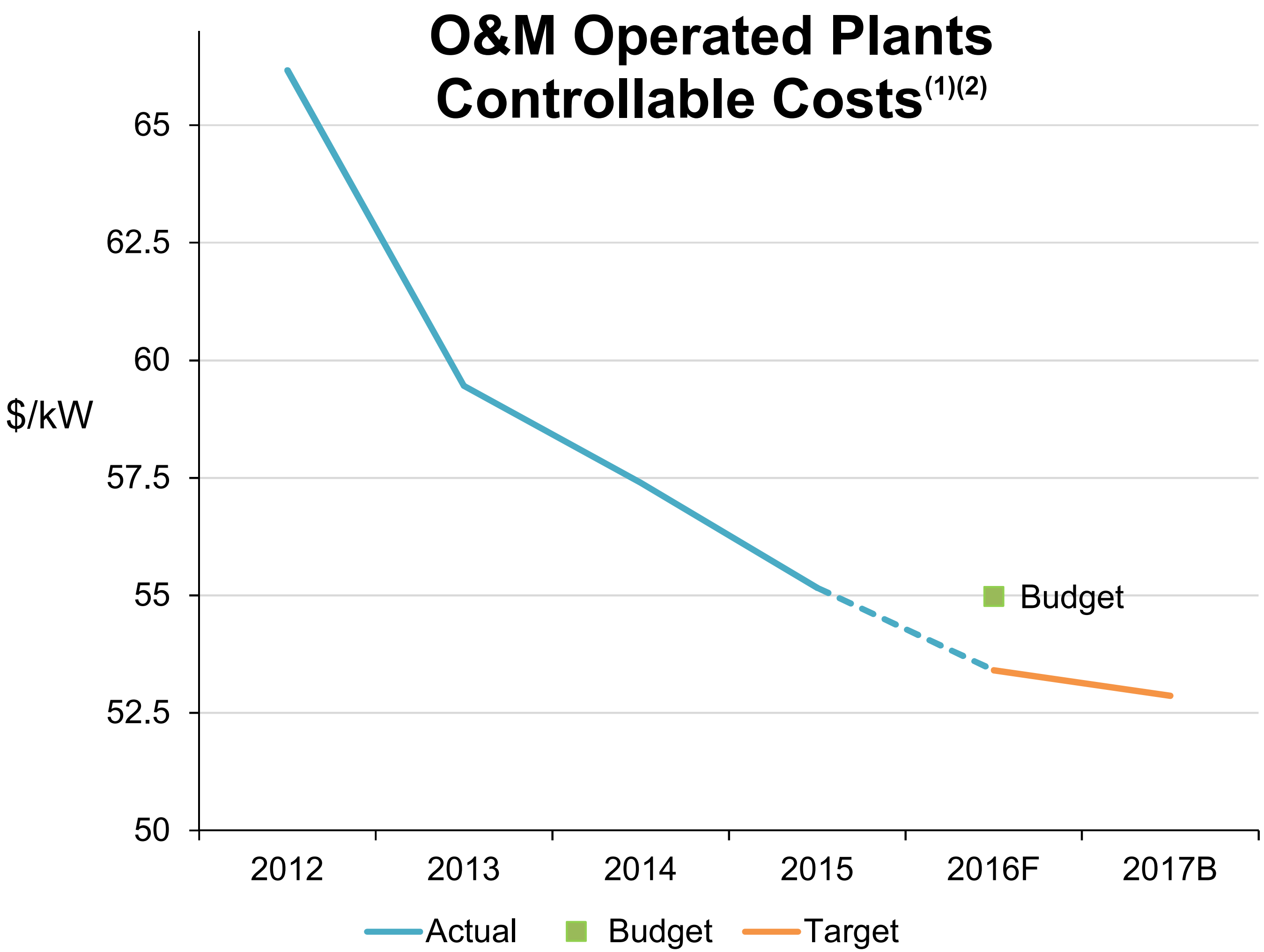
Cost – bending the curve



Committed to spending smarter and proactive maintenance

1) Normalized to 2016 dollars.
2) Controllable costs excludes fuel, insurance and property taxes.

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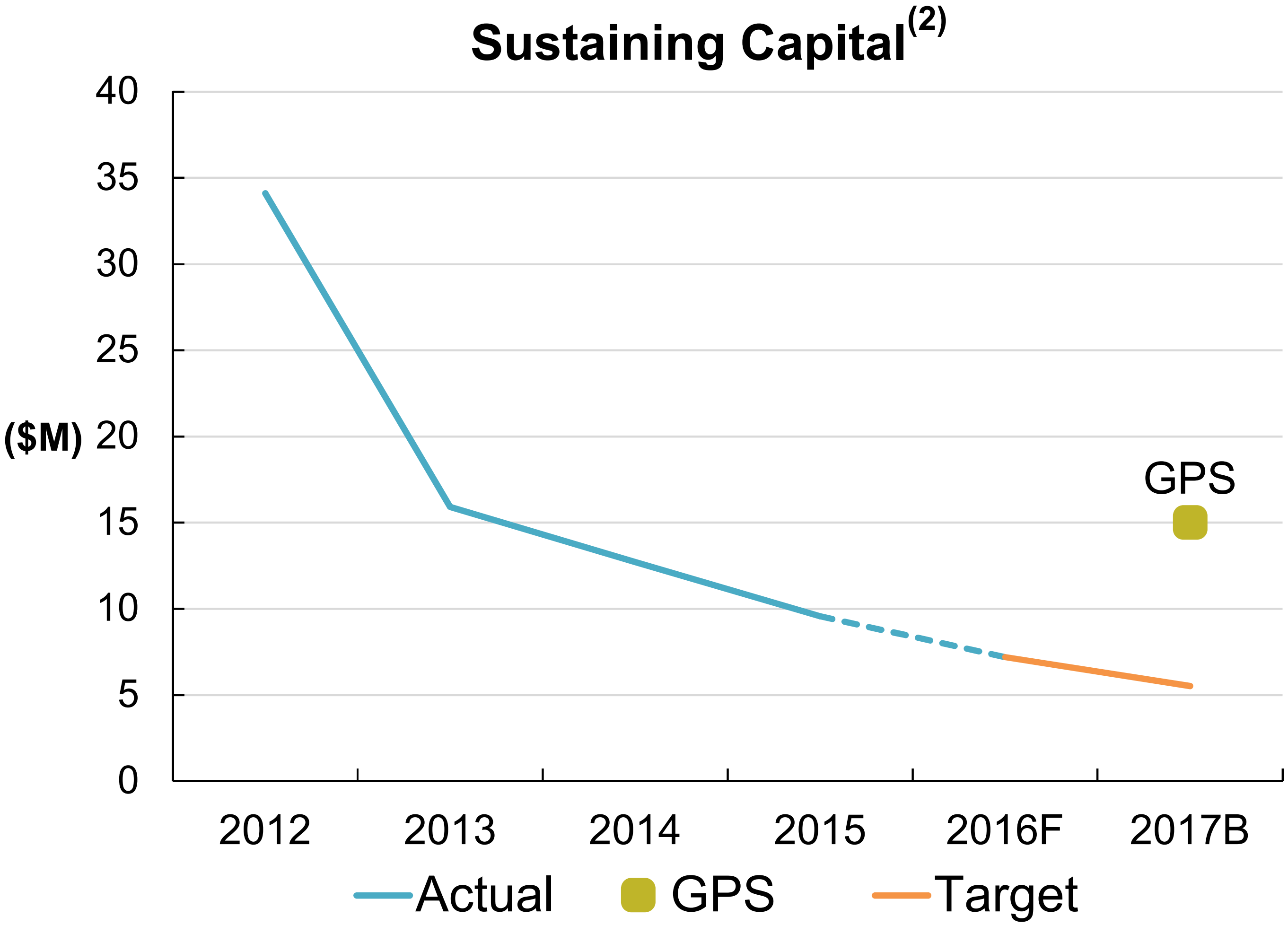
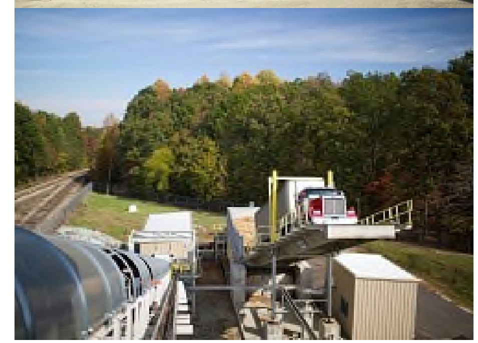
CAPEX – Spending Smarter[1]





Over the past five years, plant CAPEX spending has been optimized

1) Normalized to 2016 dollars.
2) Spending on GPS project is shown separately ($12.7M in 2017).

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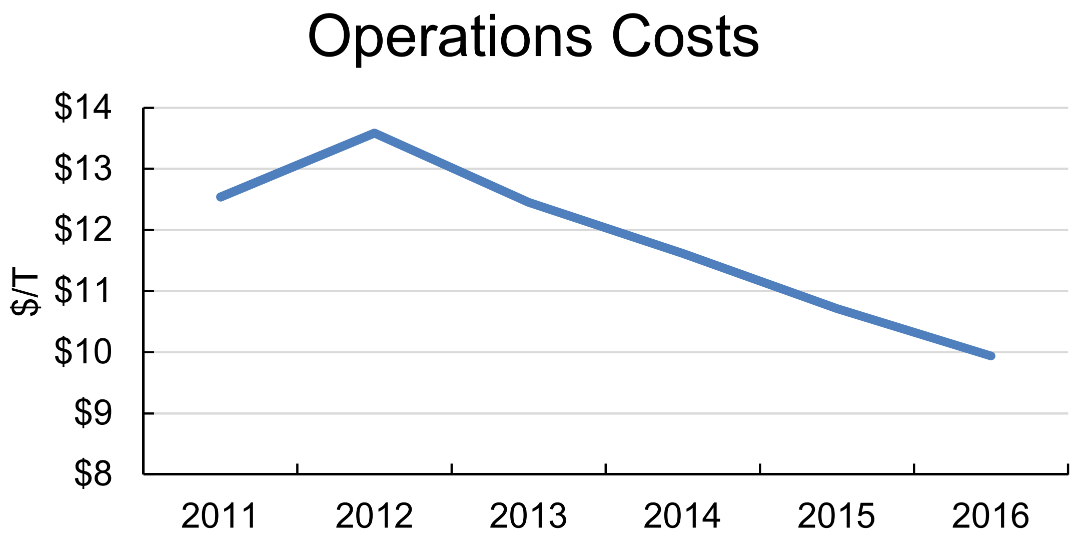
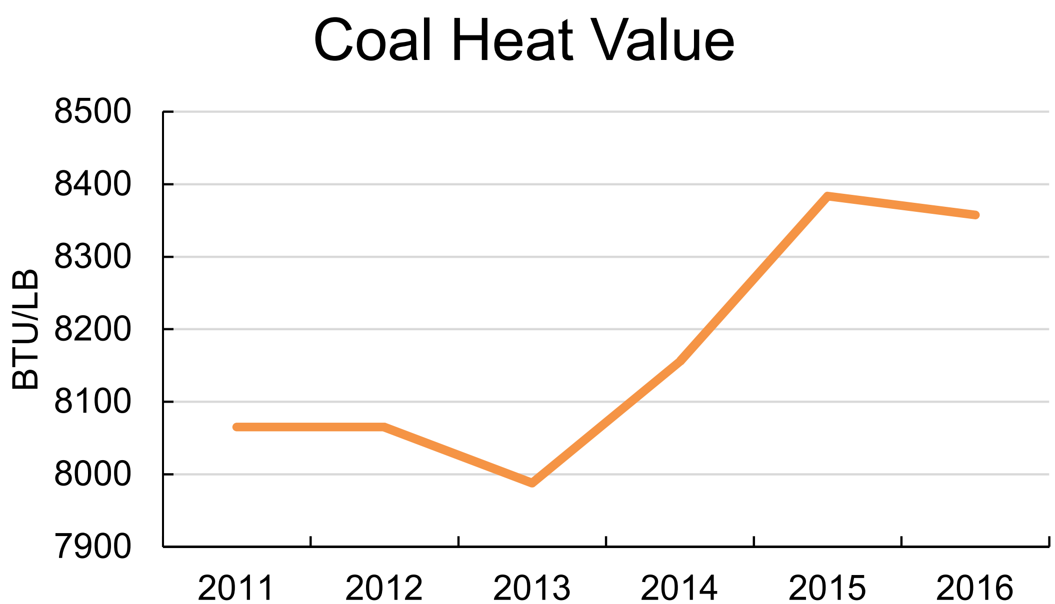
Genesee mine optimization





Better quality fuel at a lower cost per tonne

- 22% improvement in dragline productivity
- Steady reduction in operating costs
- More MWs generated per tonne of fuel
- 2030 mine plan implemented
- Land reclamation in tandem with mining
- Over 5M tonnes of coal per year

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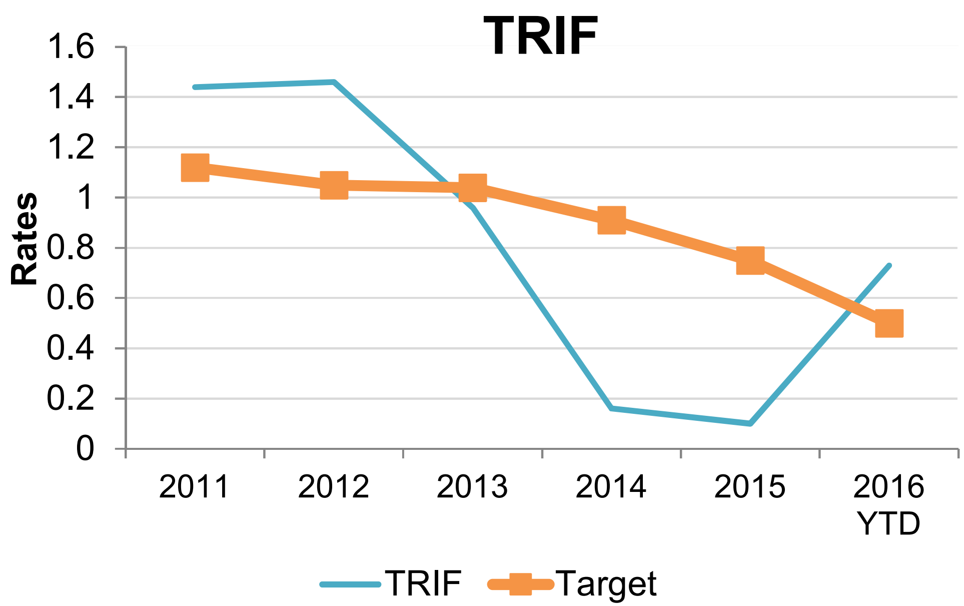
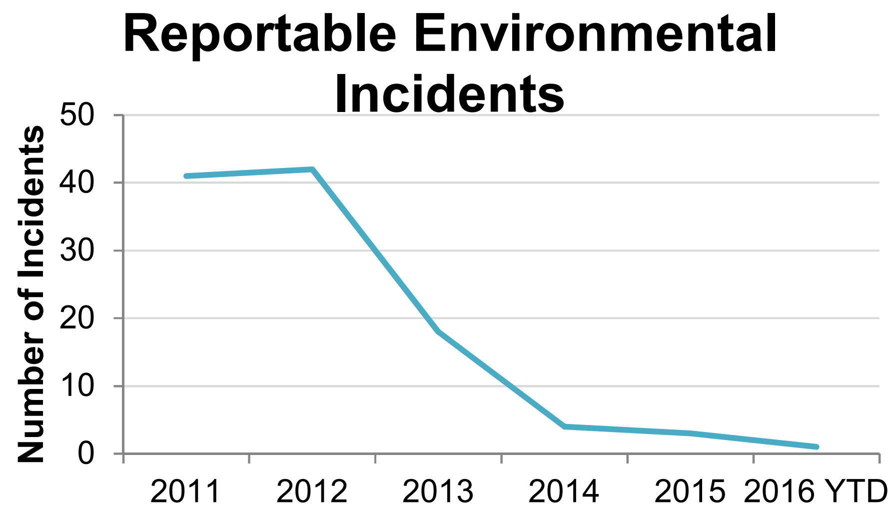
Health Safety & Environment (HSE) Performance





- 2015 CEA Gold medal recipients
- HSE program includes all contractors
- 2 years + without a lost time incident
- Successful bird/bat mitigation program at windfarms

ZERO MEANS EVERYTHING

Industry leader in safety and environment

1) TRIF = (total recordable injuries / total exposure hours) x 200,000 where recordable injuries include medical treatment, lost time injury, fatality, and other recordable incidents (restricted work and loss of consciousness).
2) YTD is up to and including October 31, 2016.

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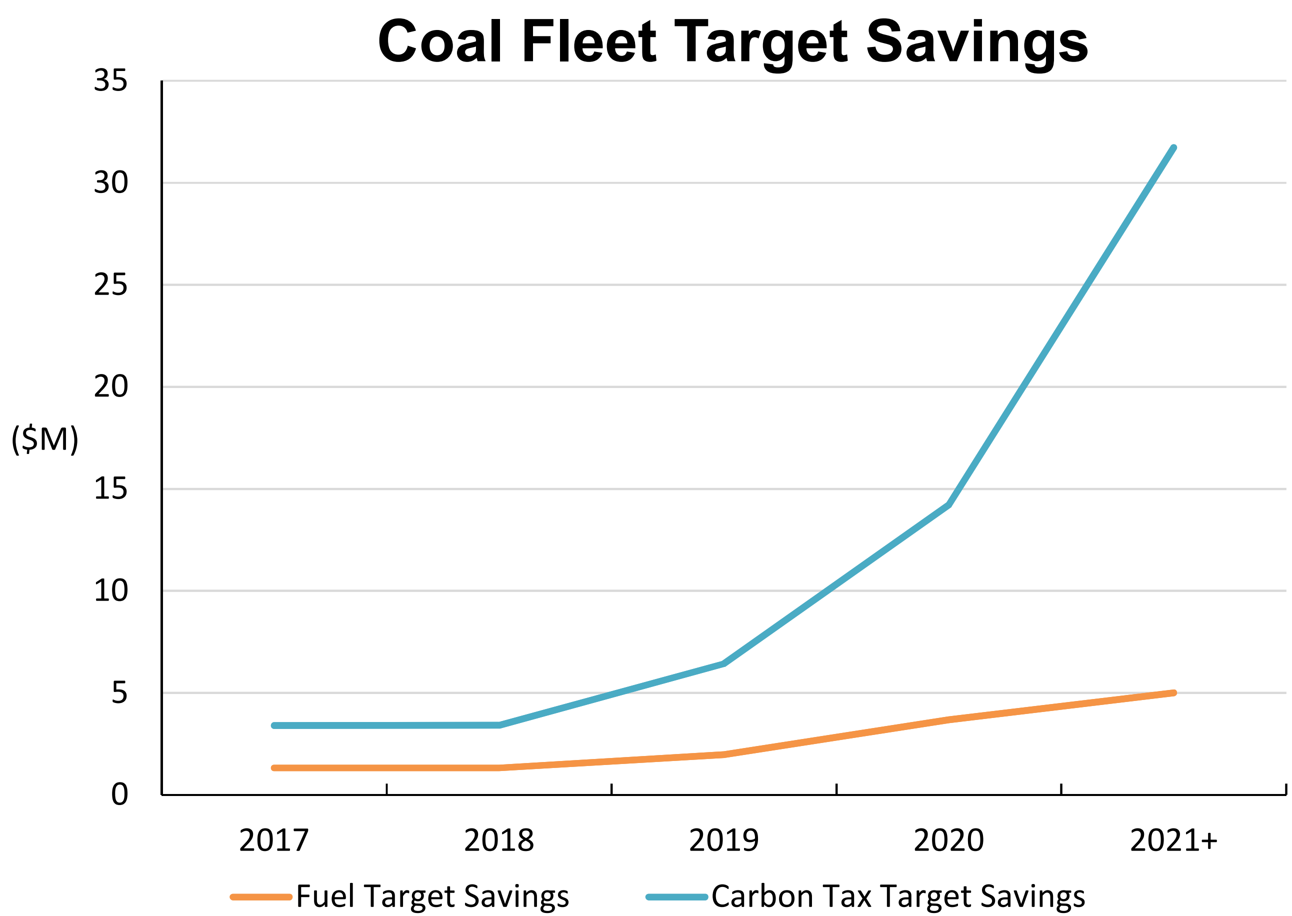
Genesee Performance Standard (GPS)

Formal program underway to reduce CO_2



- Program to reduce CO_2 to improve coal plant efficiency implemented in 2016 in response to Alberta's Climate Leadership Plan
- Includes both operational and capital changes
- Total program costs to be ~$30M

1) Excluded savings from fuel usage.
2) Assumes a carbon rate of $30/t.

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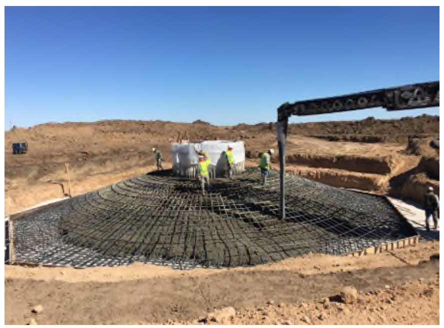
New asset development

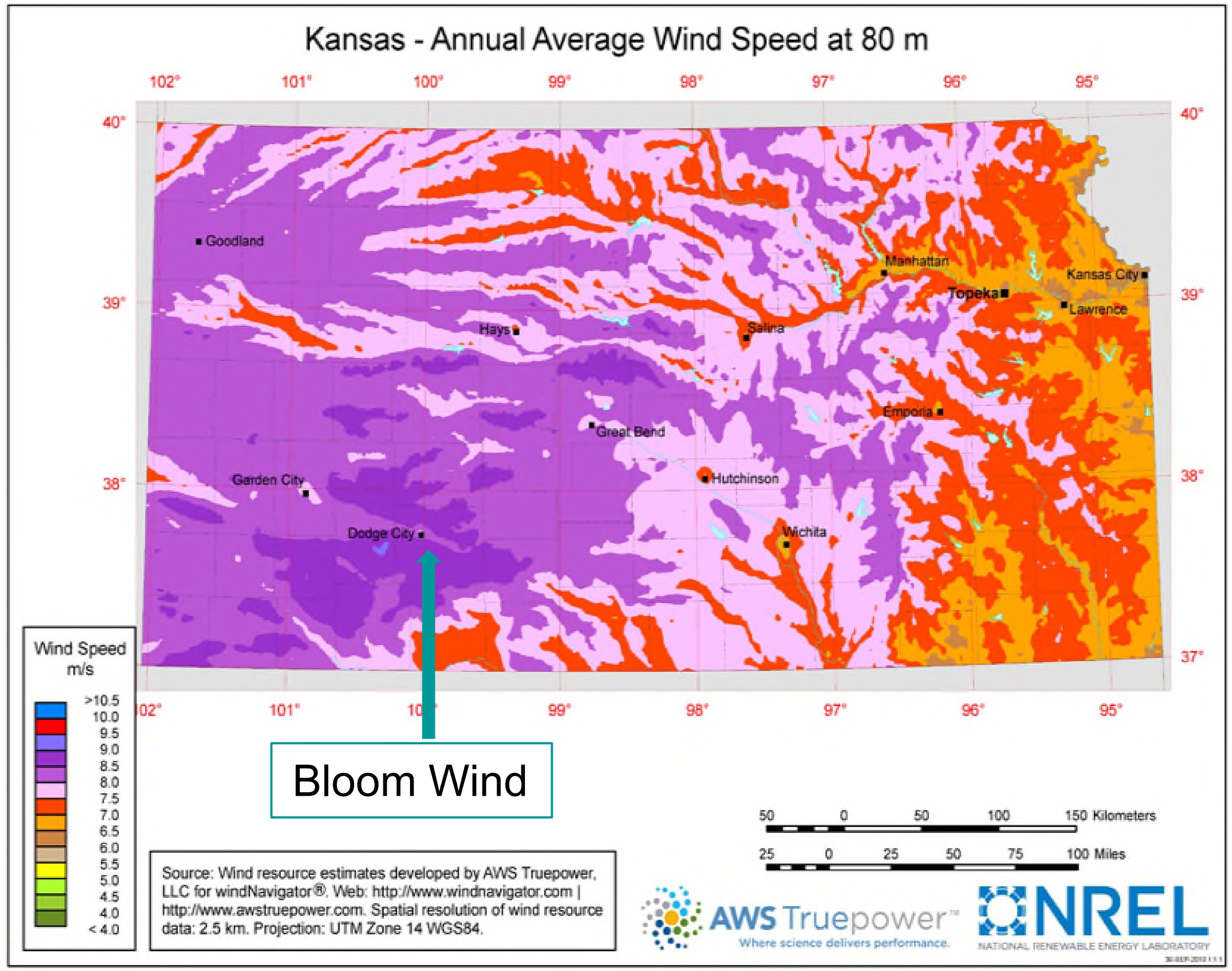
Proven in-house expertise

- Bloom Wind project is our second US greenfield project
- Consistent record for developing plants on time/under budget
- Seamless development process from inception through to commissioning and operations
- Operations, construction and engineering processes, procedures, tools and systems standardized across the fleet and on all projects
- In-house engineering expertise = ability to design and create cost effective/competitive solutions



Bloom Wind

- Construction of the 178MW project commenced Aug/16
- 54 foundations (100%) complete and backfilled
- Tower deliveries commence mid-Dec
- Turbine erection Jan/17
- COD Jun/17



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Coal to gas conversion

Genesee will continue to be an industry leading generation facility

- Unit competitive advantages (age/condition/availability/heat rate/etc.) maintained on gas fuel conversion
- Estimated cost for simple gas conversion is $25M-$50M/unit
- Converted units start-up similar to coal/ramping capability smoother
- Significantly lower O&M cost expected post gas conversion



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Moving forward

Capital Power will continue to maximize the value of our existing assets

- ✓ **Output** – Maintain excellent availability to maximize generation and revenue opportunity
- ✓ **Cost** – Seek additional opportunities to spend smarter
- ✓ **Efficiency** – Reduce fuel related costs and CO_2 emissions
- ✓ **Risk** – Substantial reduction and mitigation of risk
- ✓ **Life extension** – Seek opportunities to extend and/or repurpose units
- ✓ **EH&S** – Maintain an industry leading EH&S program



Executing on Growth

Mark Zimmerman

SVP Corporate Development & Commercial Services

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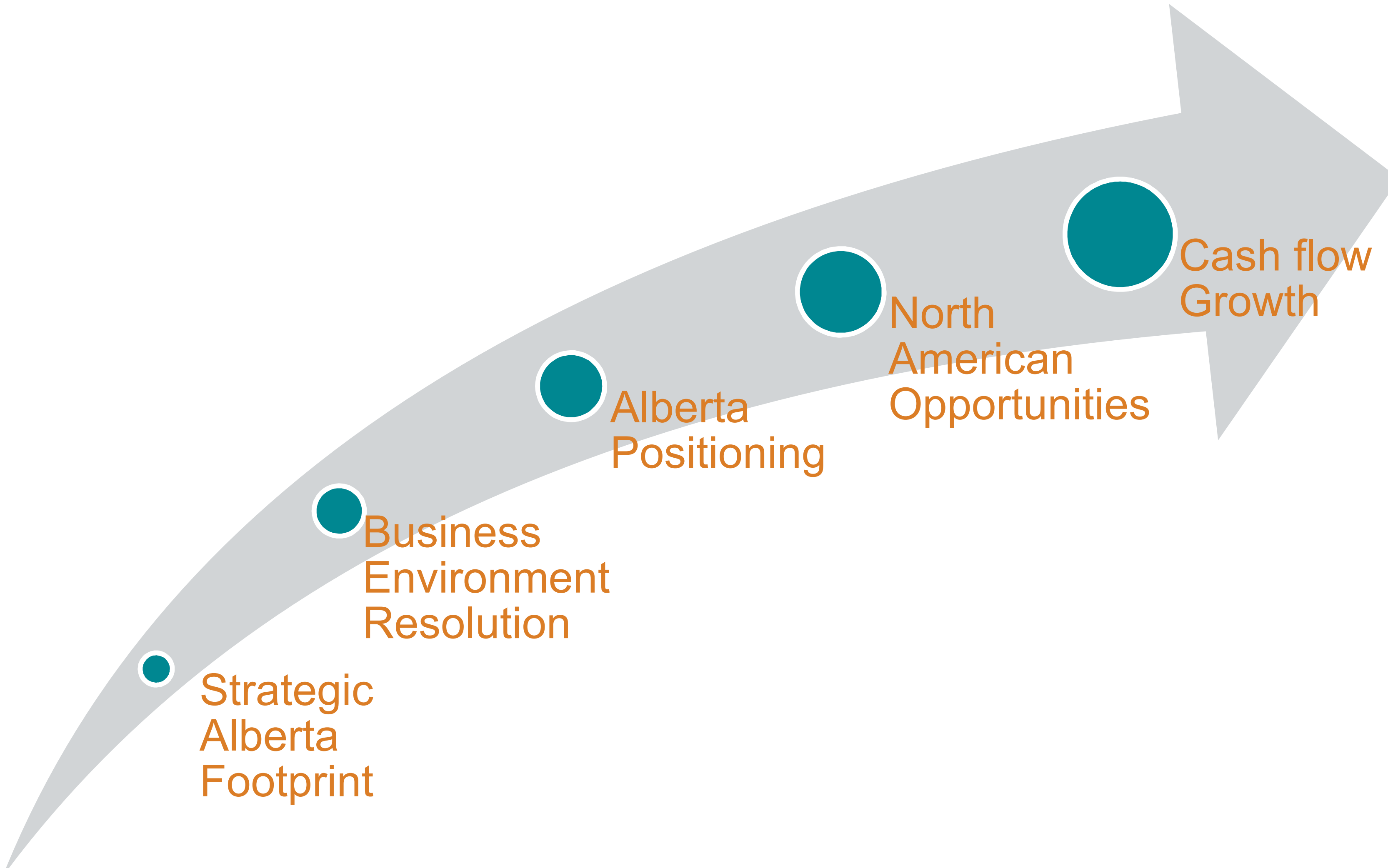
Bright future

Key takeaways



Key commercial focus areas

- Optimize existing assets
- Capitalize on Alberta
- Diversify contracted cash flow outside of Alberta
- Play to our competencies
  - Development construction
  - Fuel handling
  - Commercial management
  - Structural/Partnering approaches to improve competitiveness
- Competitive cost of capital

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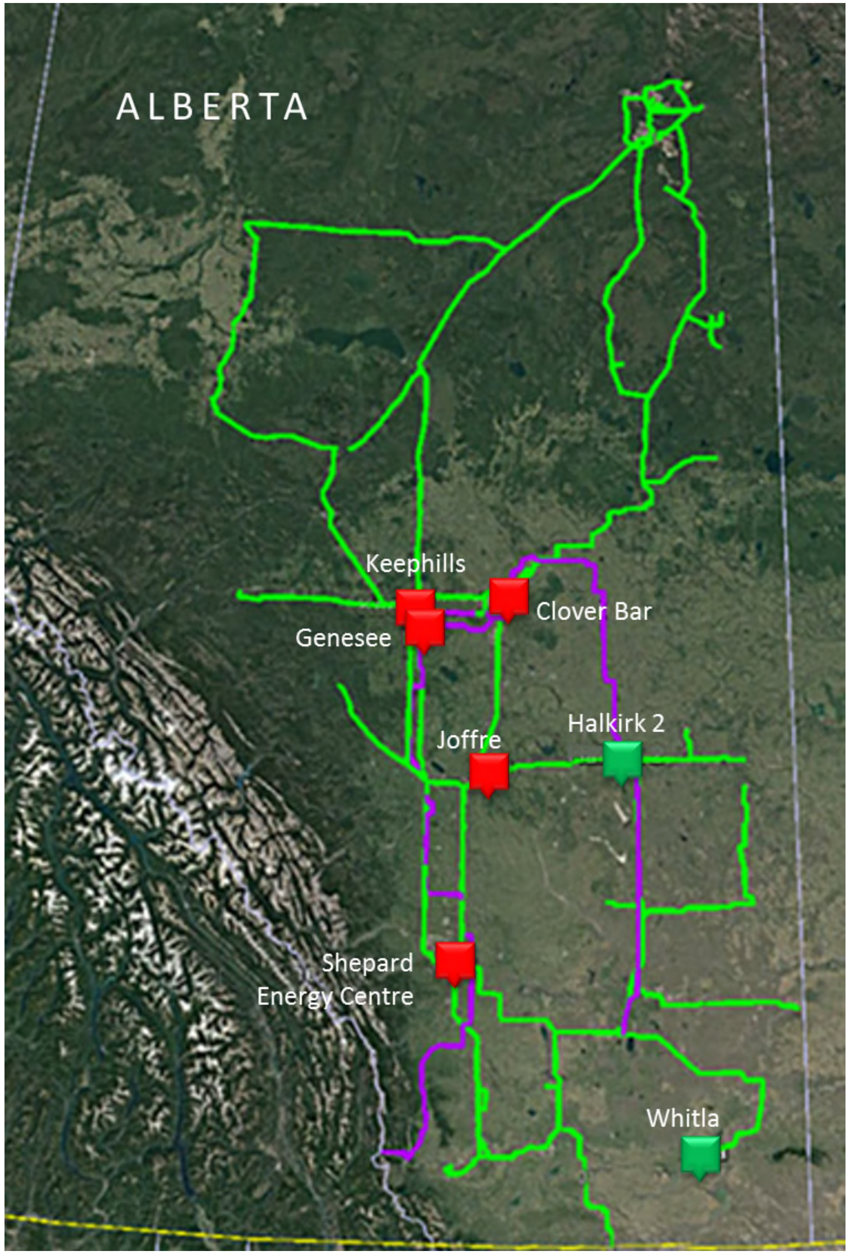
Strategic Alberta footprint



- Plants
- Connectivity
- Work force
- Permitting
- Commercial management
- Gas opportunities with least cost to system
  - New gas G4/5
  - Conversions
  - Expansions

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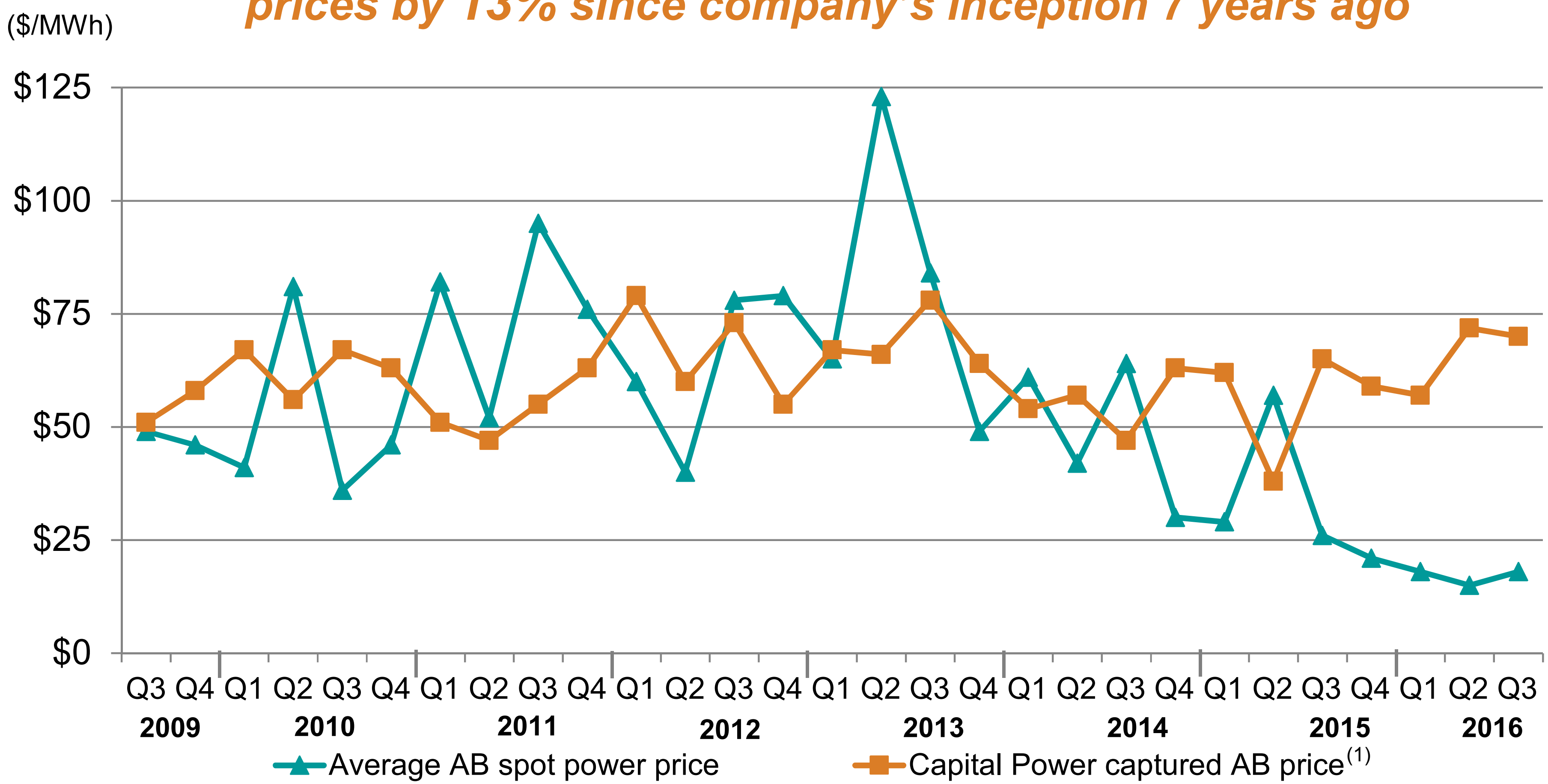
Alberta power market trading

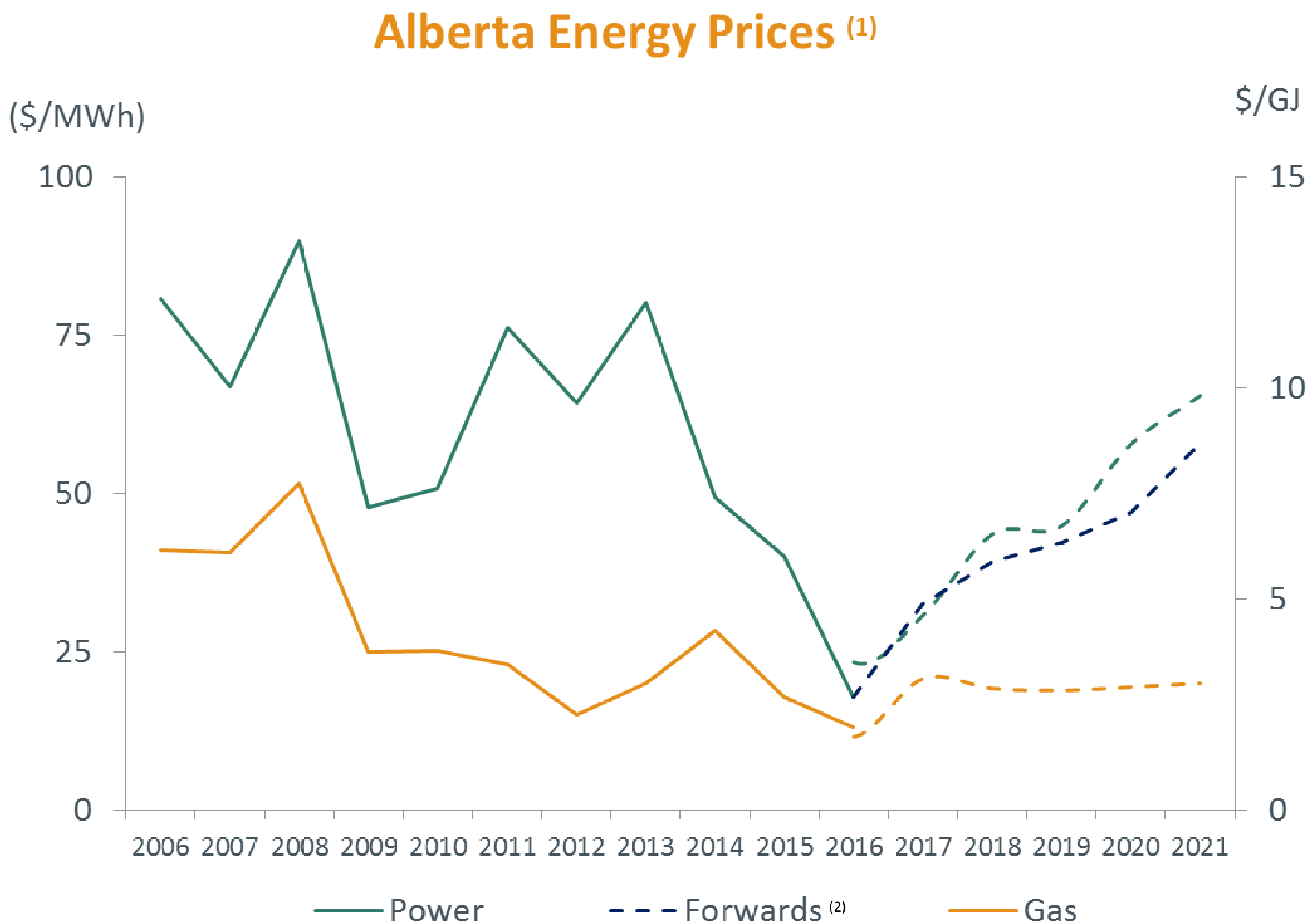
- Portfolio optimization activities focused on managing exposure to commodity risk, reducing volatility and creating incremental value

Average realized power prices[1] have exceeded spot power prices by 13% since company's inception 7 years ago



1) Based on the Alberta baseload plants and the Sundance PPA plus the uncontracted portion of Shepard Energy Centre baseload. Effective March 24, 2016, it is based on the Alberta baseload plants and the uncontracted portion of Shepard Energy Centre baseload due to Sundance PPA Termination.

Alberta market forecasts



1) Power and gas forecasts represent the average forecasts of three leading 3rd party consulting firms as of Fall 2016.
2) Forwards as of Dec 6, 2016.

Capacity market

- 2019 first round with delivery target for 2020/21
  - Eligible for auction likely limited to existing capacity
- Existing investments to participate in a capacity market – a level playing field will be maintained

"… Power companies in Alberta have my word that the new market framework will continue to promote a level playing field for investors …"

Alberta Energy Minister Margaret McCuaig-Boyd, November 23, 2016

Capacity

- Everyone bids – clearing price set

Energy

- Must offer - clearing price set

Total

- Combined price likely similar to energy only market
- Less volatility

Key is the lowest cost/most efficient = Best margins

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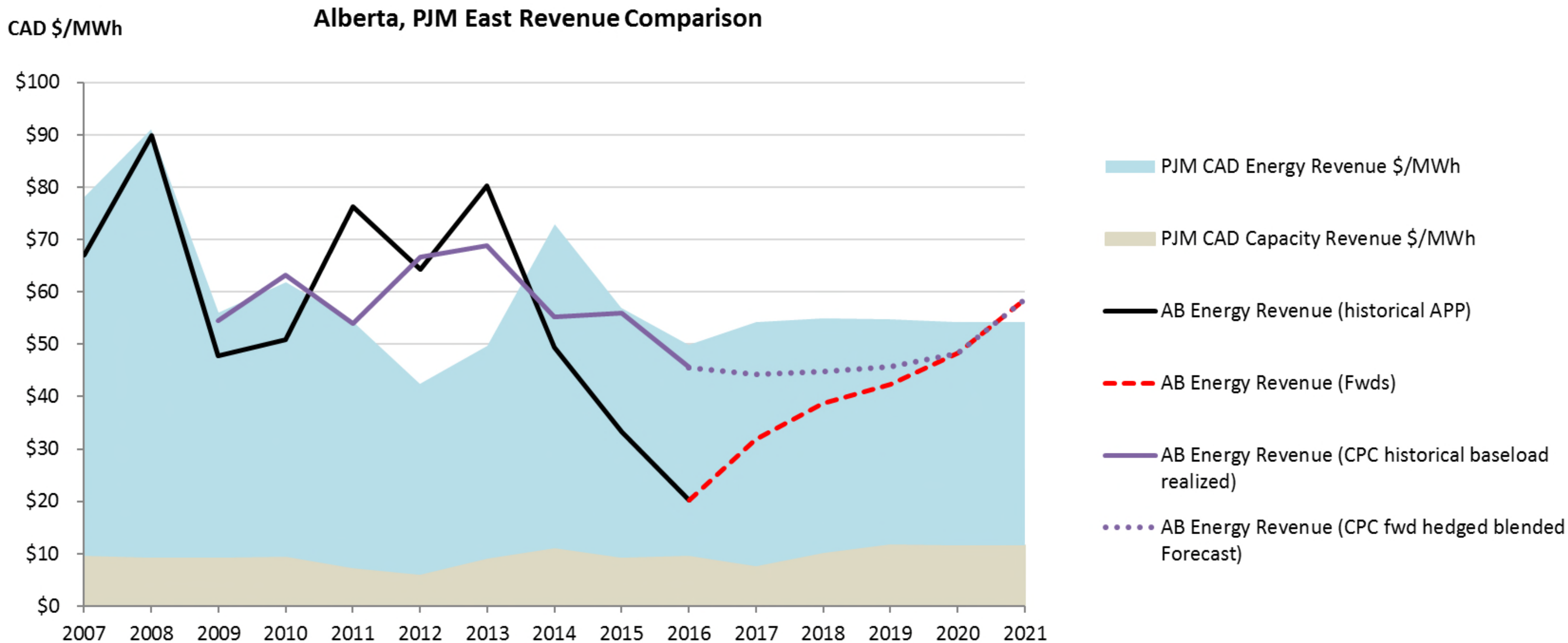
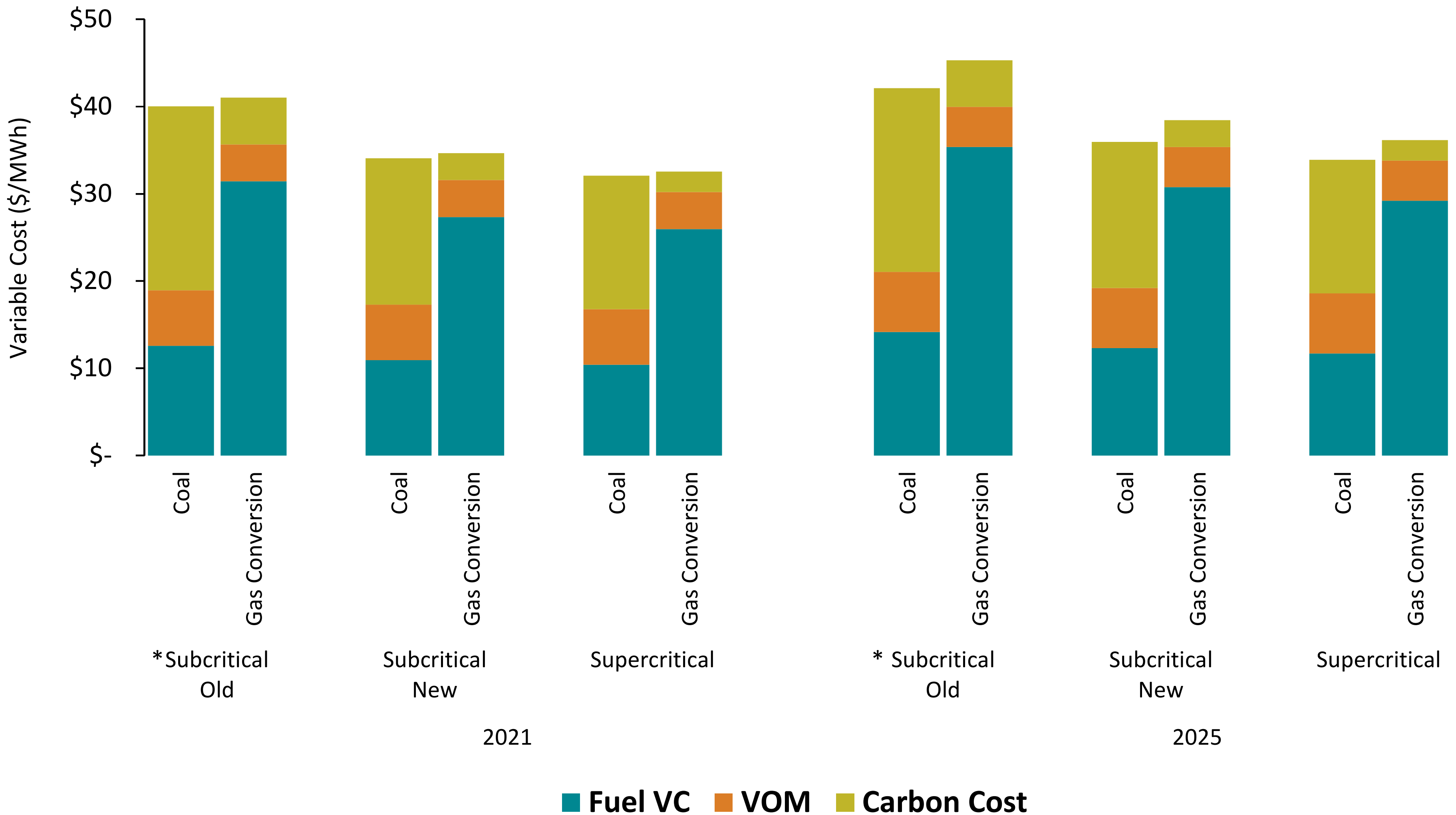
Baseload revenue – Alberta vs. PJM



- Capacity market creates a more stable revenue stream relative to selling into the Alberta market
- Revenue under the Alberta energy only market for the period of 2009 through 2021 is $57/MWh for Capital Power's baseload assets (including trading gains) compared to $55/MWh in the PJM capacity market

Coal variable cost assumptions

Components of variable cost for coal units - $30 carbon levy



*Subcritical Old is pre-1980

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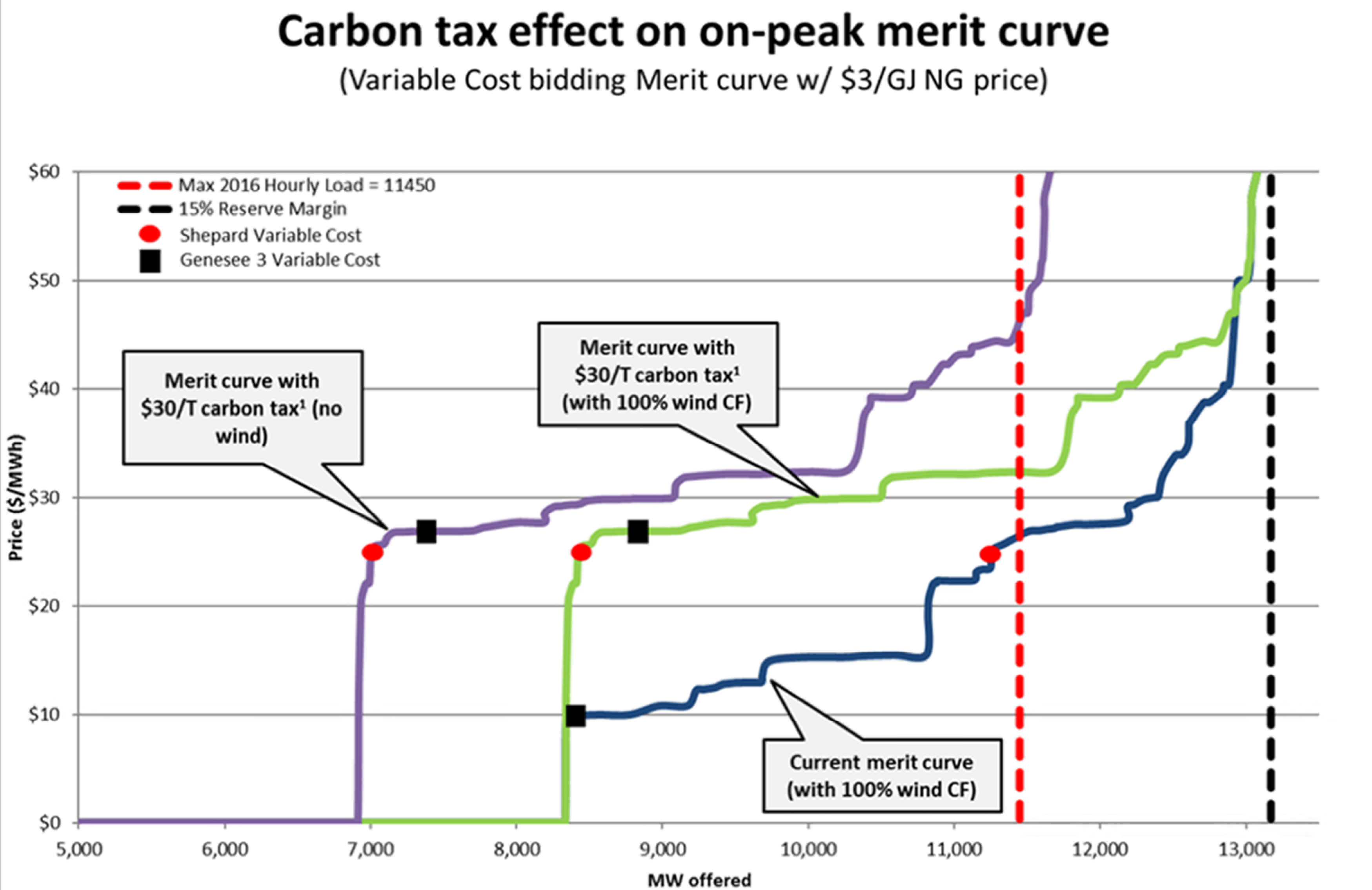
Alberta market



1. Assumes allocation based on Cleanest Gas Standard of 0.4T/MWh, and the following intensities (T/MWh): coal = 1.025, Simple cycle = 0.55 cogen = 0.5, Combined cycle = 0.425

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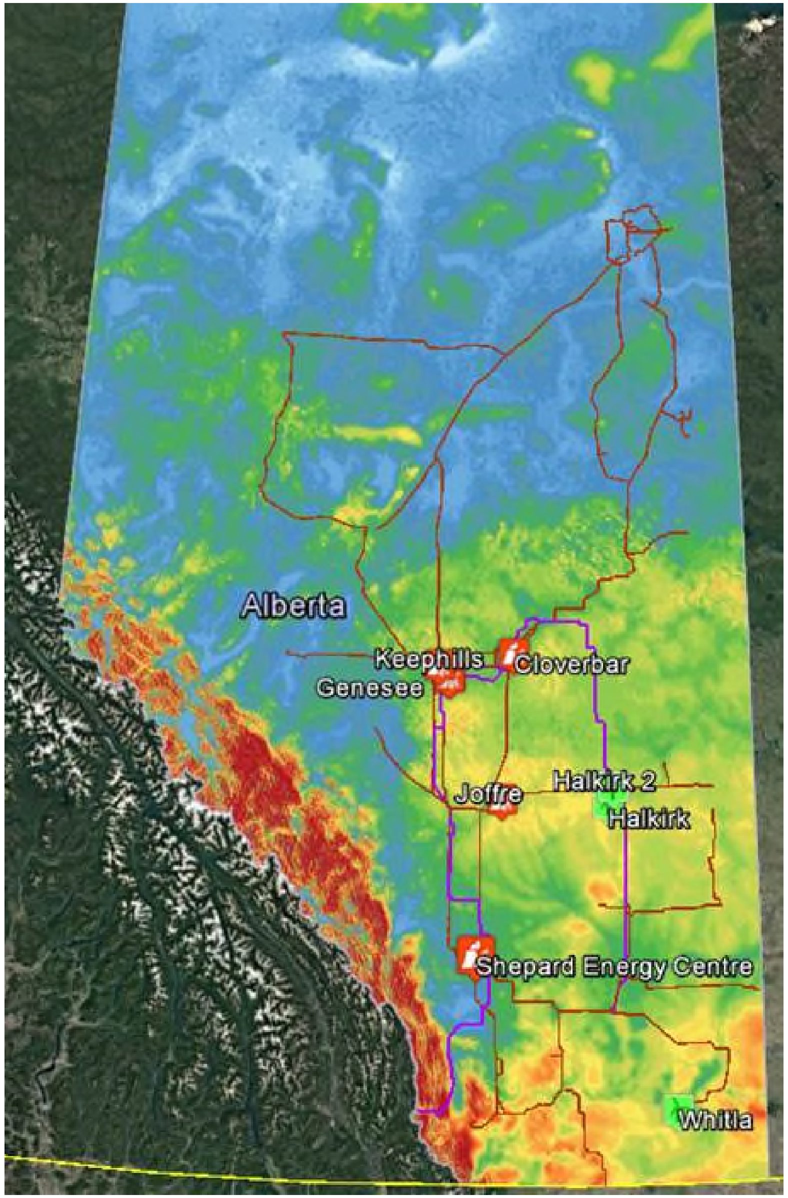
Alberta renewable situation

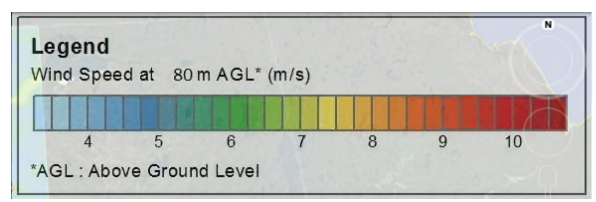
Targeting 30% of AB's electricity generation from renewables by 2030

- 5000 MW of renewable energy
  - Competitive Renewable Electricity Program (REP)
- AESO confirmed details
  - Procurement of 400 MW of renewable capacity
  - Operational in 2019
  - Utilize existing transmission
  - 20 year term
  - Winning bidders based on lowest price
  - Future REP calls to include stakeholder benefits
- Timelines for first REP in 2017
  - Q1 - Request for Expression of Interest
  - Q2 - Request for Qualifications
  - Q4 - Request for Proposals

Setting up Alberta

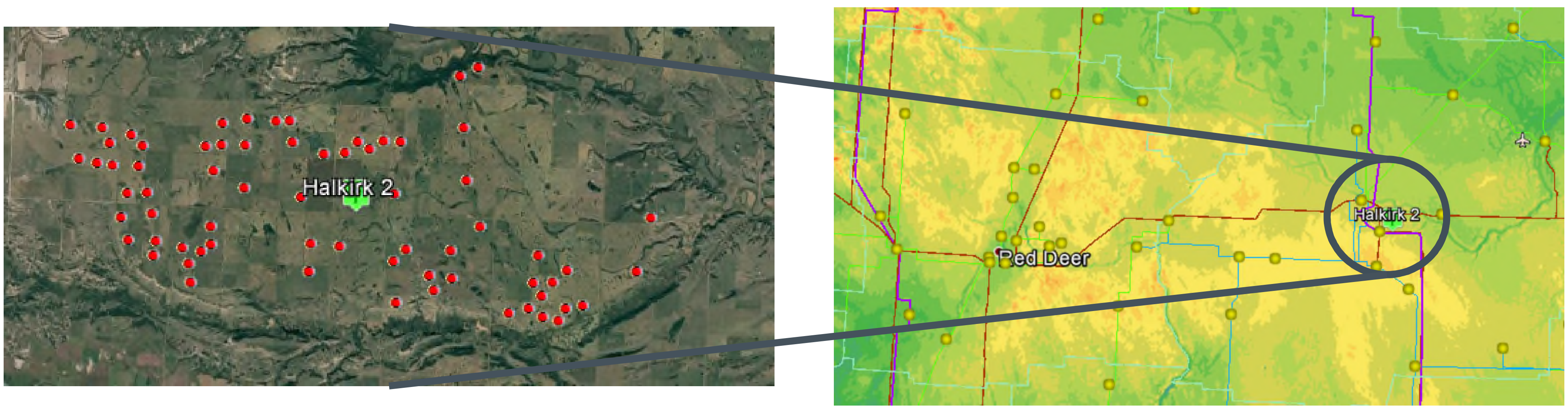


- Wind Advantage
  - Development
  - Permitting
  - Construction
  - Commercial management
- Halkirk 2
- Whitla
- Other



Halkirk 2

- Location: Halkirk, Alberta
- 18,000 acres; 150 installed MW's: 37% – 39% capacity factor
- Available transmission



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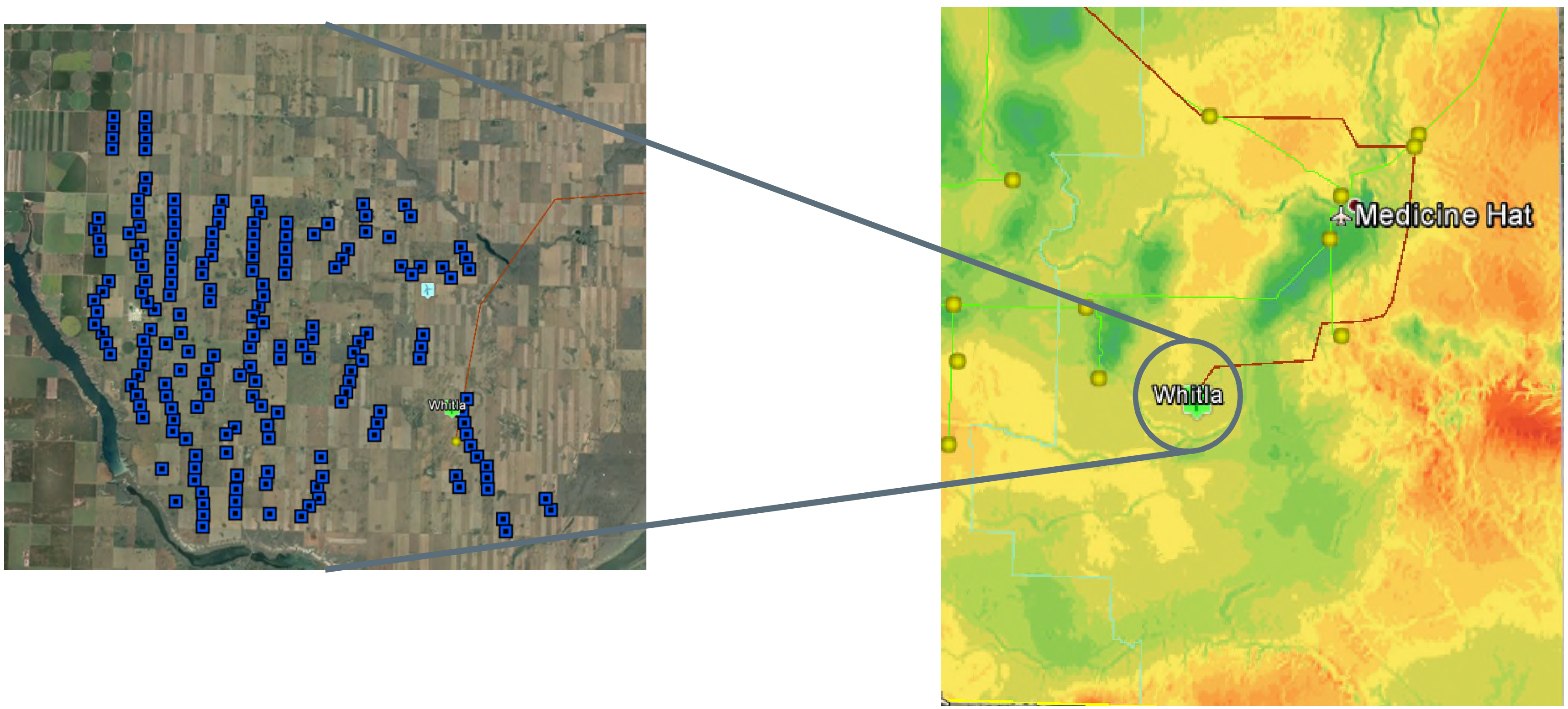
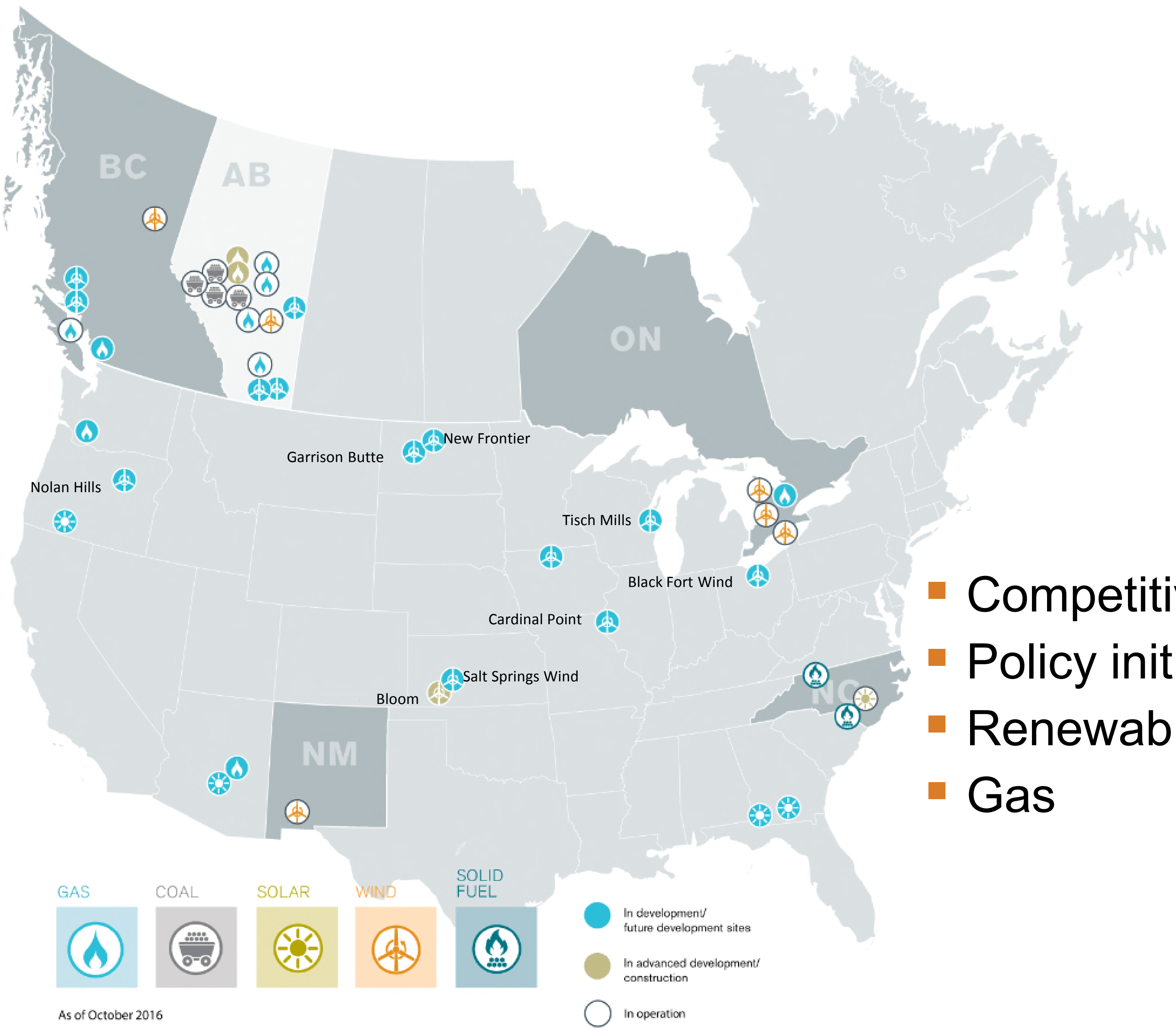
Whitla Wind

- Location: Near Medicine Hat, Alberta
- 33,000 acres; 300 installed MW's: 38% – 41% capacity factor
- Available transmission



North American map



- Competitive environment
- Policy initiatives
- Renewables
- Gas

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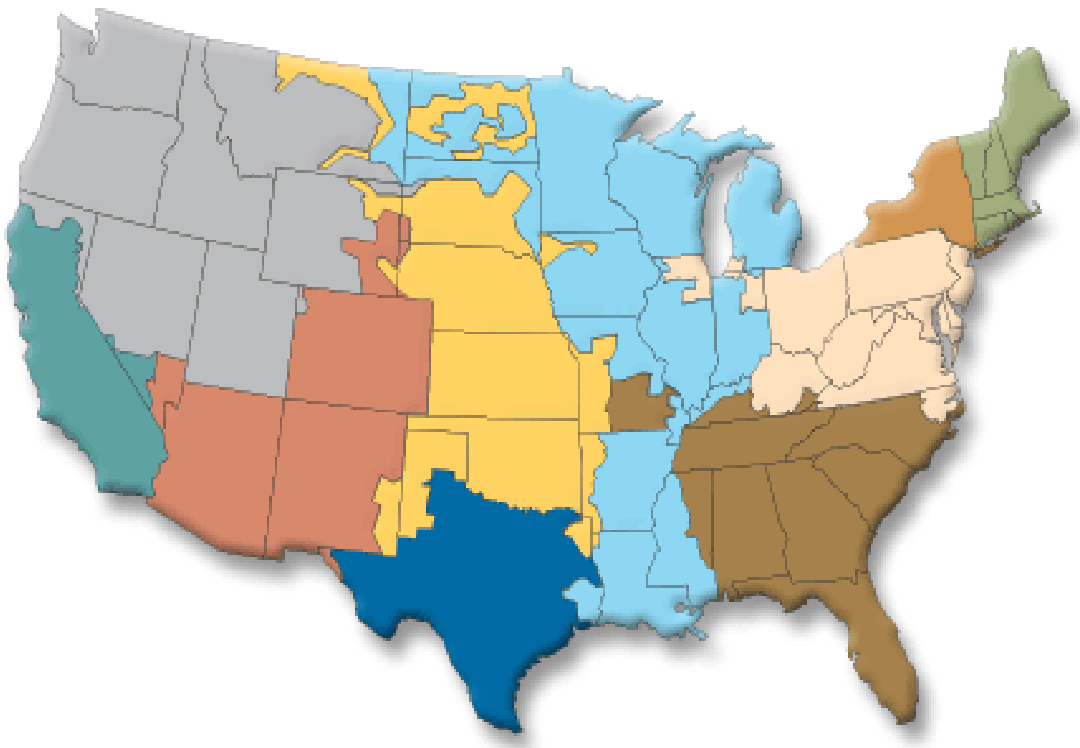
US market overview

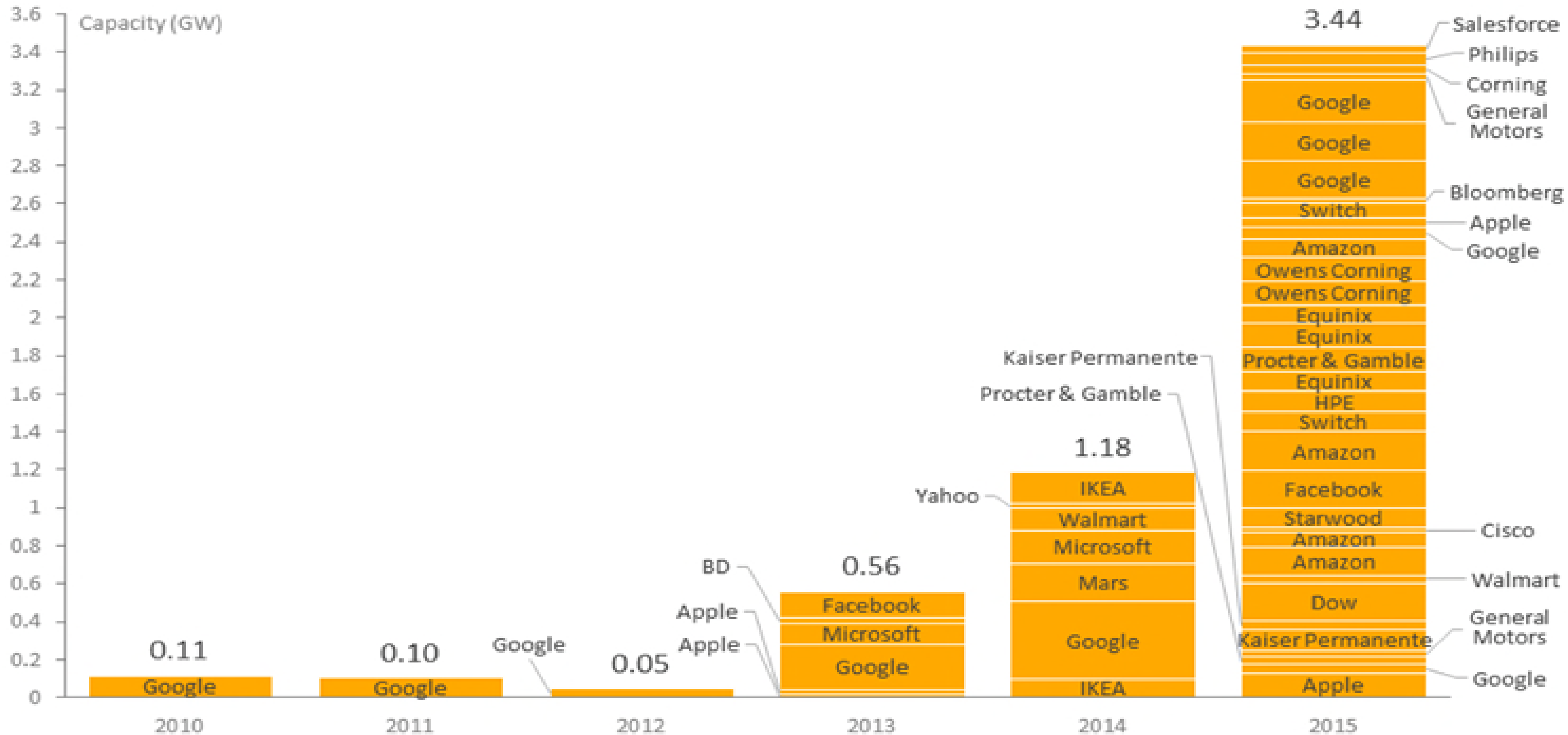


Market/Region	Capacity(MW)	Peak (MW)
New England	31,000	28,130
New York	39,039	33,956
PJM	183,604	165,492
Southeast	238,000	170,000
MISO	180,711	127,125
SPP	78,953	45,301
ERCOT	78,960	70,014
Northwest	75,964	69,621
Southwest	50,000	42,000
California	60,000	50,000
TOTAL	**1,016,231**	**801,639**

C&I contracts accelerating

BUSINESS RENEWABLES CENTER

Corporate Renewable Deals
2010 – 2015



Publicly announced contracted capacity of corporate Power Purchase Agreements, Green Power Purchases, Green Tariffs, and Outright Project Ownership in the United States and Mexico, 2010 – 2015. Excludes on-site generation such as rooftop solar PV. Last updated: January 12, 2016.

For more information, please visit http://www.rmi.org/business_renewables_center or contact BRC@RMI.org

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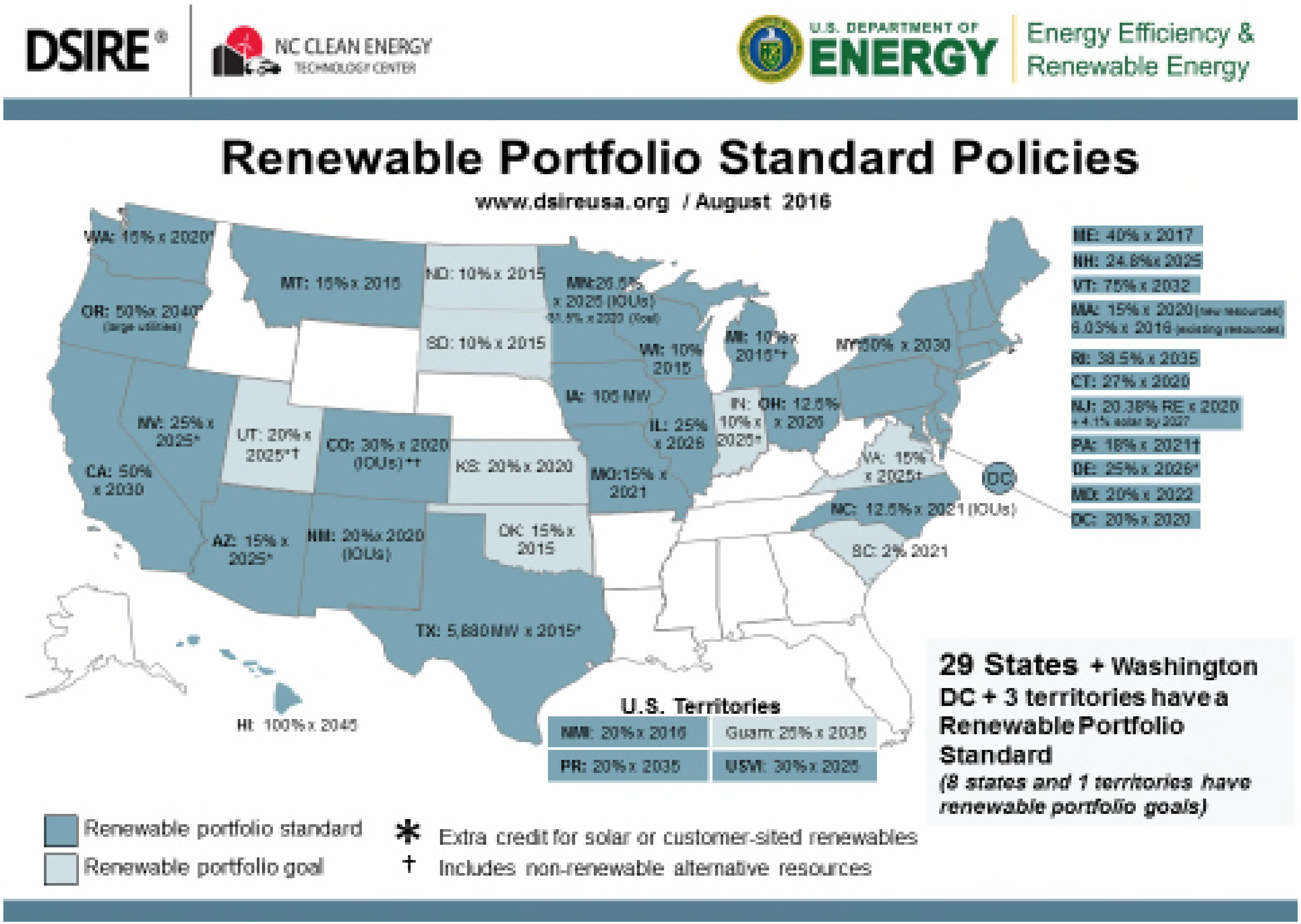
State level support for renewables



Production Tax Credits (PTC) extension 2015

- PTC extended with phase out beginning in 2017
- Projects must be under construction by the end of this year to qualify for full tax credits

Commence Construction	PTC % (per MWh output)	~PTC Nominal ($/MWh)
2015	100	23
2016	100	23
2017	80	18
2018	60	14
2019	40	9

May 2016 IRS Guidance

- Developers have four years from commencing construction to reach COD and be presumed to have had a program of continuous construction
- Projects commenced in 2016 will have until the end of 2020 to complete construction while maintaining the full PTC

To maintain competitiveness of our sites we have preserved PTC qualification by ordering 7 transformers

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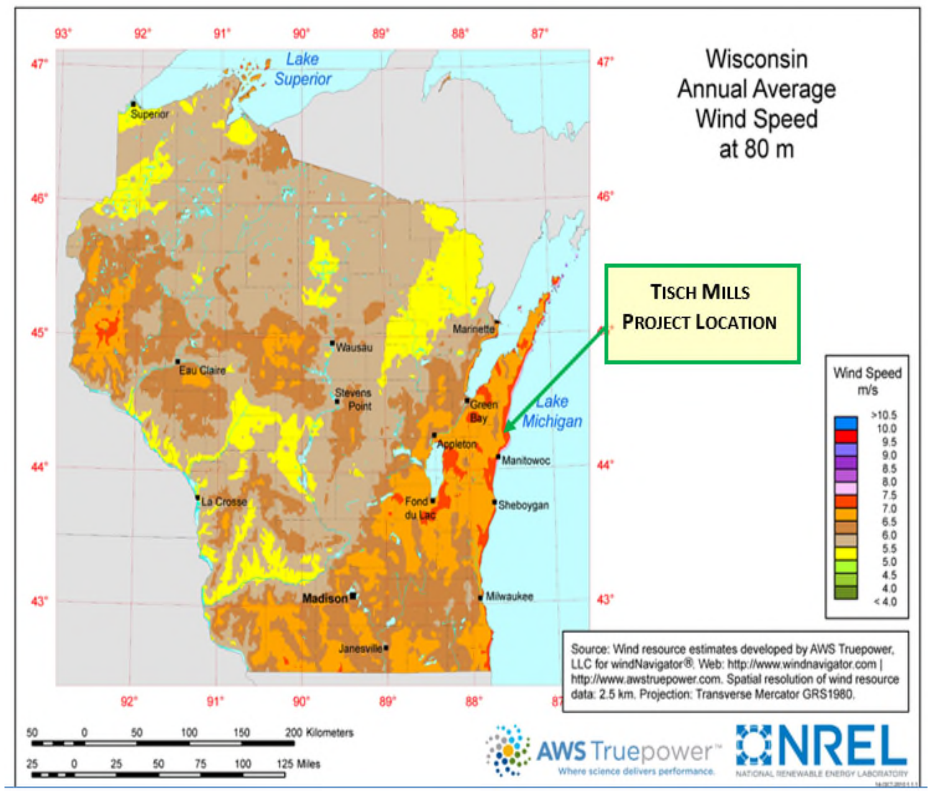
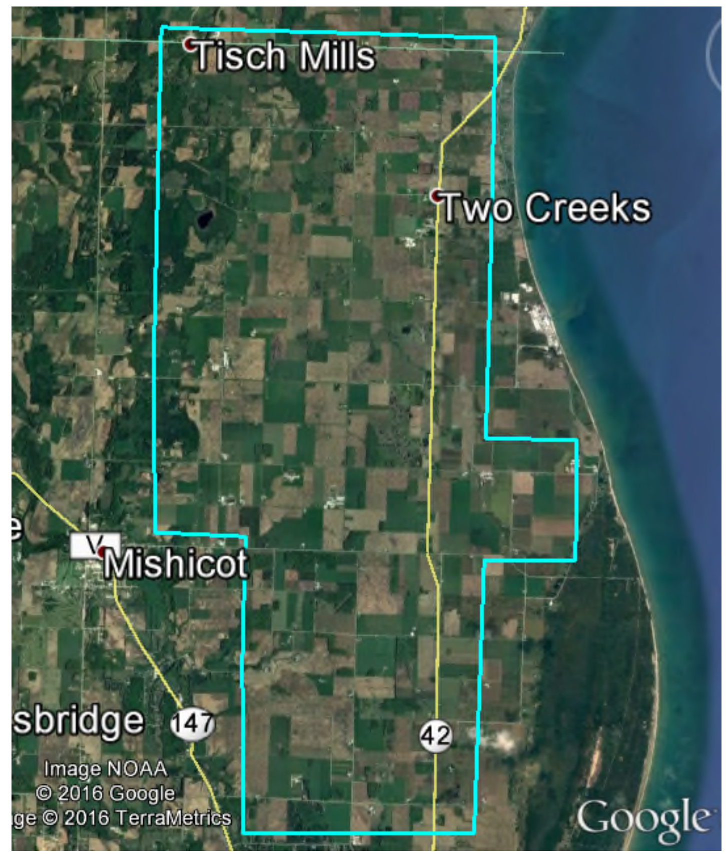
Tisch Mills Wind

- Location: Manitowoc County, Wisconsin
- 12,000 acres; 100 MWs: 7.3 m/s wind speed
- Market: MISO
- Wisconsin RPS: one of a limited number of Wisconsin development projects





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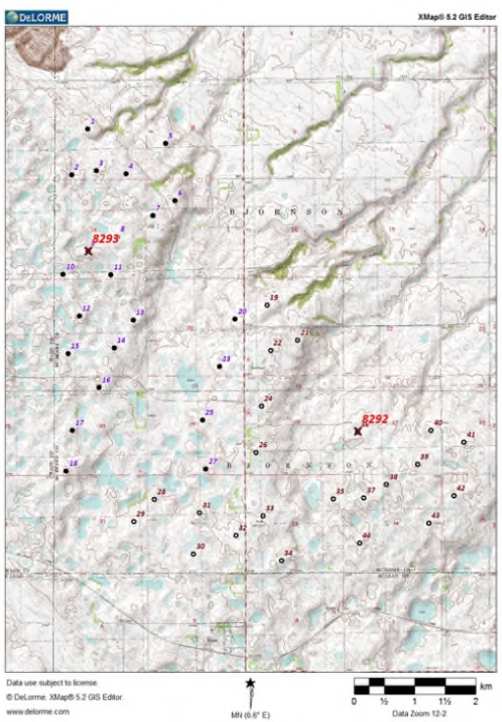
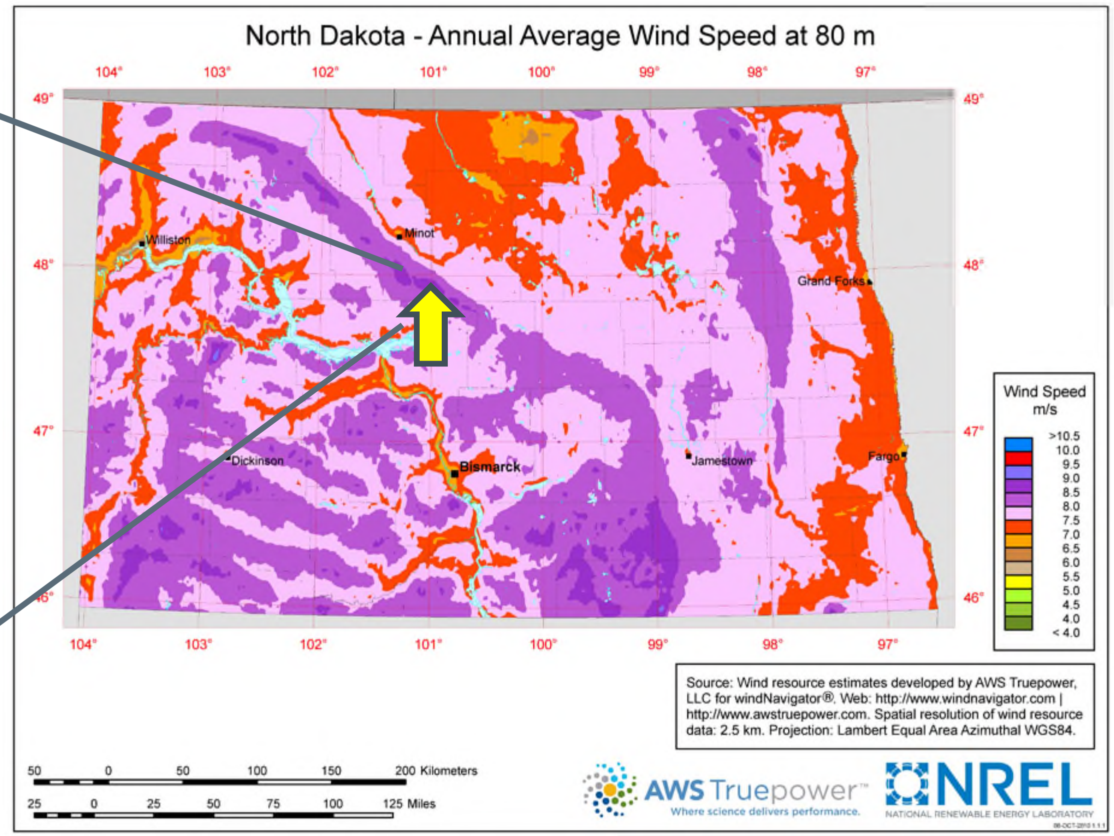
New Frontier Wind

- Location: McHenry County, North Dakota
- 11,350 acres; 99 MWs; 8.8 m/s wind speed
- Market: MISO
- Superior wind resource; MISO network resource





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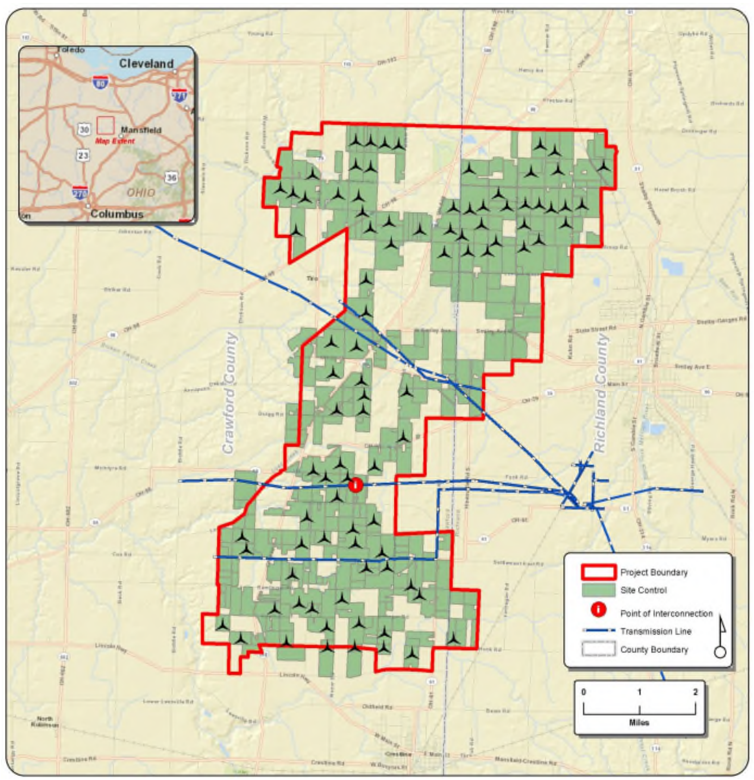
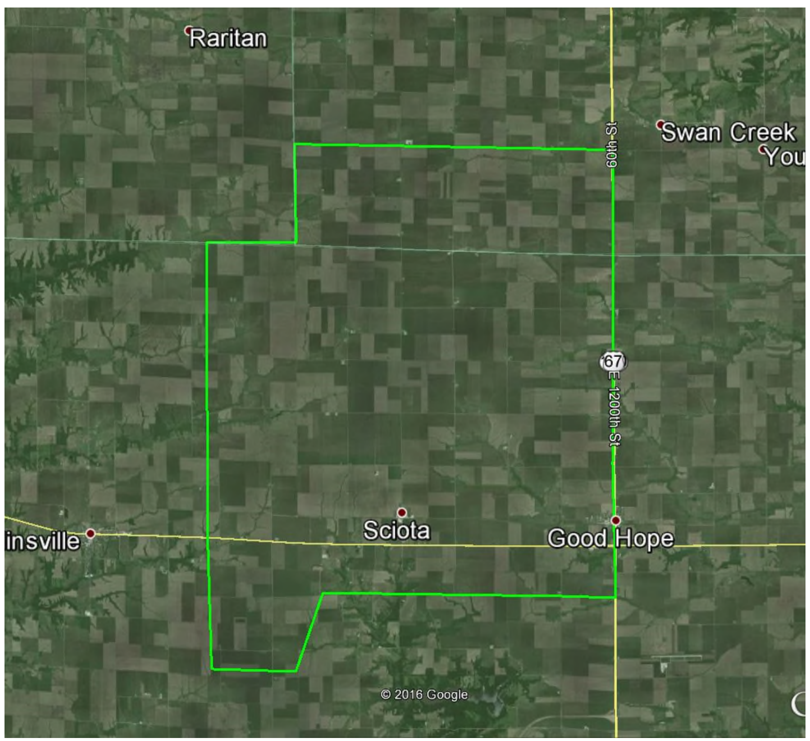
Black Fork Wind

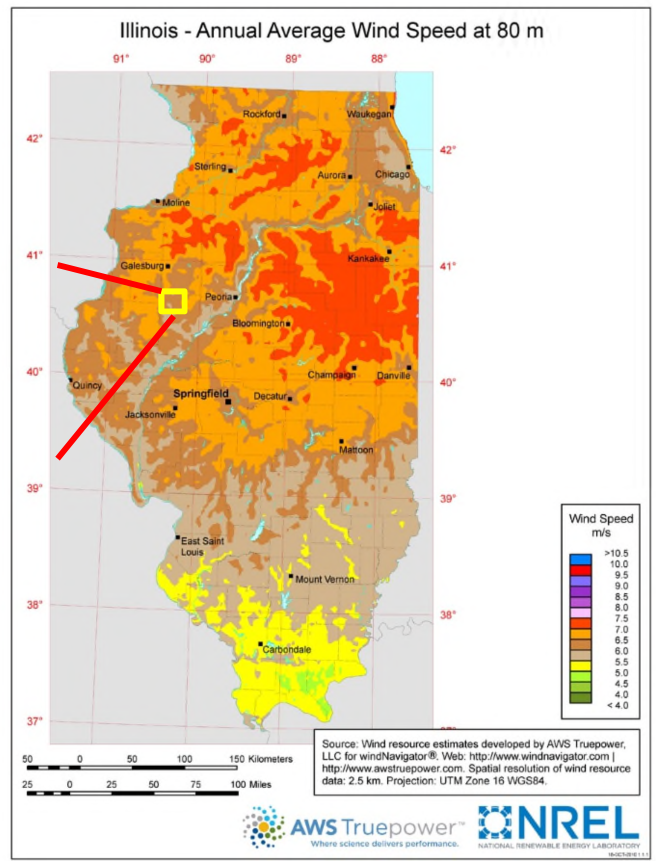
- Location: Crawford and Richland Counties
- 23,900 acres; 100-180 MWs: 6.5 m/s wind speed
- Market: PJM
- One of a handful of permitted OH projects; AEP Procurement



Cardinal Point Wind

- Location: McDonough and Warren Counties, Illinois
- 15,000 acres; 150 MWs: 7.7 m/s
- Market: MISO
- Illinois Nuclear legislation; Illinois RPS





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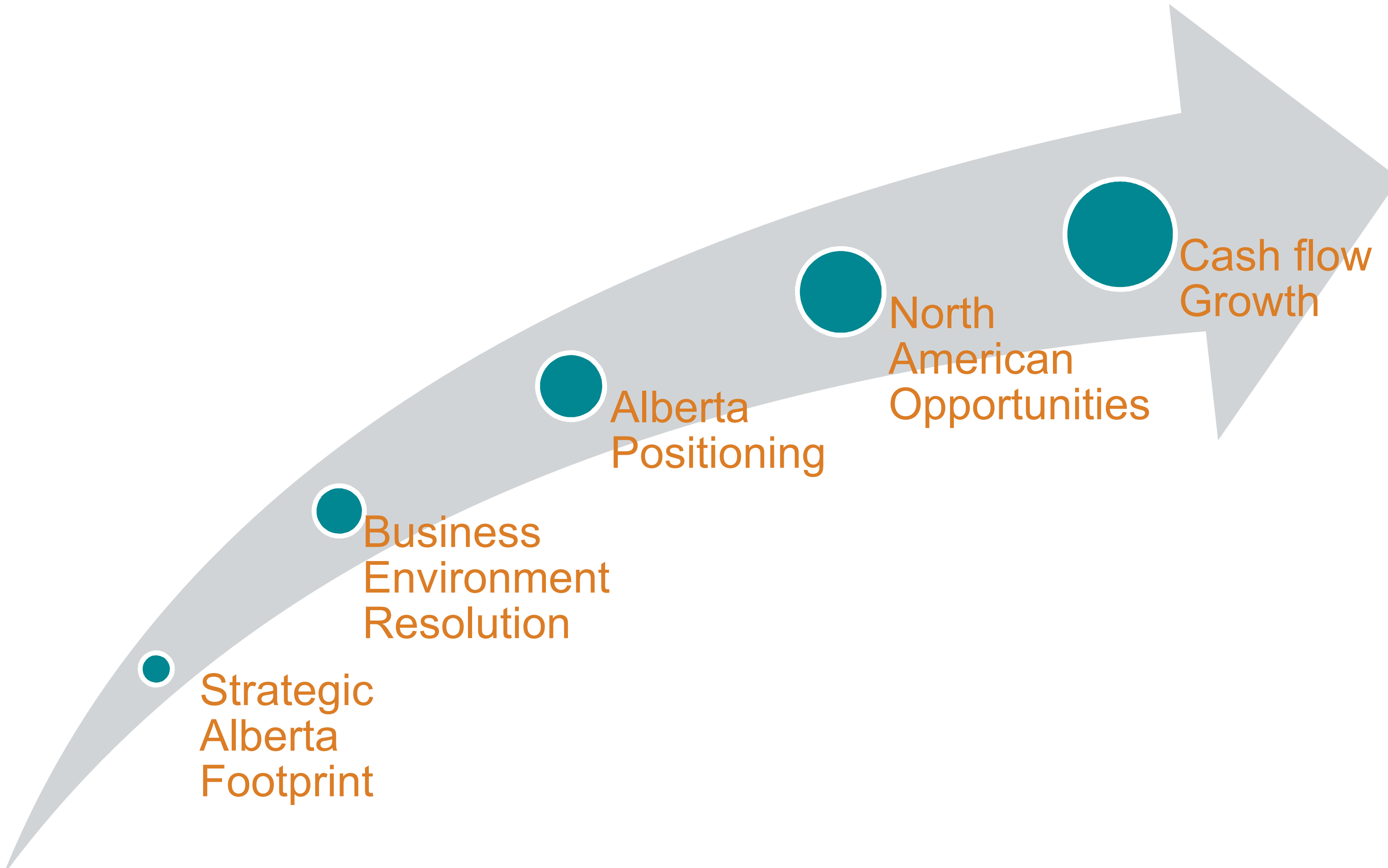
Other development projects

Project	Location	Market	MW	Acres	Wind Speeds	Enabling Driver
Nolin Hills	Western Oregon	PNW	350	47,000		Wind resources is differentiated from majority of Oregon (Columbia Gorge) projects; single land owner
Garrison, Butte	Mercer County, North Dakota	MISO or SPP	200	20,000	8.5m/s	Strong wind resource; optionality to interconnect to MISO or SPP system
Salt Springs	Western Kansas	SPP	200	20,000	8.5m/s	Superior wind resource; site is ~30 miles North of Bloom Wind

Bright Future

Key takeaways



Capital Power

Executing with Financial Strength

Bryan DeNeve

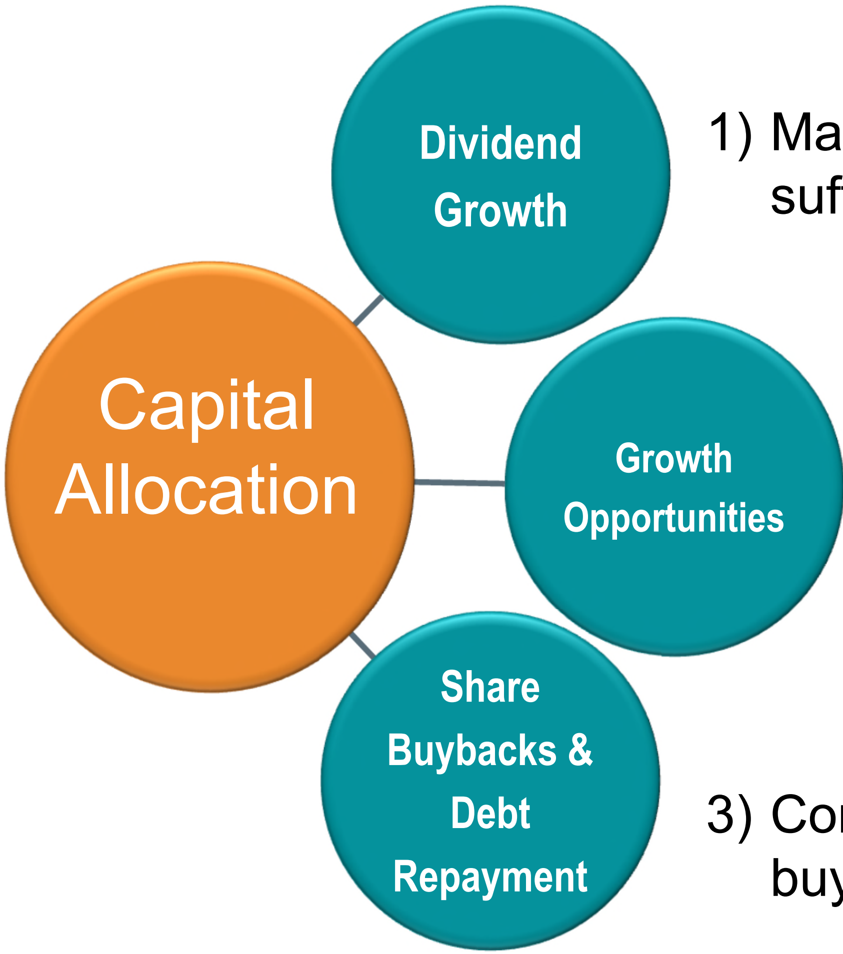
SVP Finance & CFO

Capital Power

Financial strategy

Maintain ongoing access to cost competitive capital to fund sustainable growth throughout business cycle

Capital allocation



1) Maintain growing dividend backed by sufficient contracted cash flow base

2) Fund growth opportunities in the near term with discretionary cash flow

3) Consider debt reduction and share buybacks absent growth

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Coal compensation
Accounting implications

- Annual cash compensation payment of $52.4M will be recognized under 'other income' and as a component of adjusted EBITDA[(1)]
- Net income and EPS will reflect the difference between the coal compensation received and accelerated depreciation due to shortened useful lives of certain components of our coal assets
  - Economics associated with coal to gas conversion will also extend asset lives by 15 years beyond 2030
  - Depreciation expense expected to increase by up to $27M[(2)] annually
  - Net impact to EPS expected to approximately $0.19 per share
- Do not anticipate any impairment to our Alberta cash generating units; to be confirmed with year-end testing

Compensation is a contracted source of cash flow for the next 14 years

1) Adjusted EBITDA is a non-GAAP financial measure. See page 87.
2) Based on current assets. Does not reflect assumptions regarding future capex investment.

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Coal compensation
Minimal risk cash flow

- Conditions
  - Coal plants cease coal-fired emissions on or before Dec 31, 2030
  - Spend $1M minimum each calendar year and $70M in total over the 14-year period on electricity business investments in Alberta
  - Maintain a continual significant business presence in Alberta

- Potential securitization
  - Compensation backed by the Alberta government – AA credit rating by S&P
  - May be able to securitize at approximately 2.5% to 3.5%
  - Approximately $600M in proceeds

Capital Power

Potential purchase of interest in coal mine assets

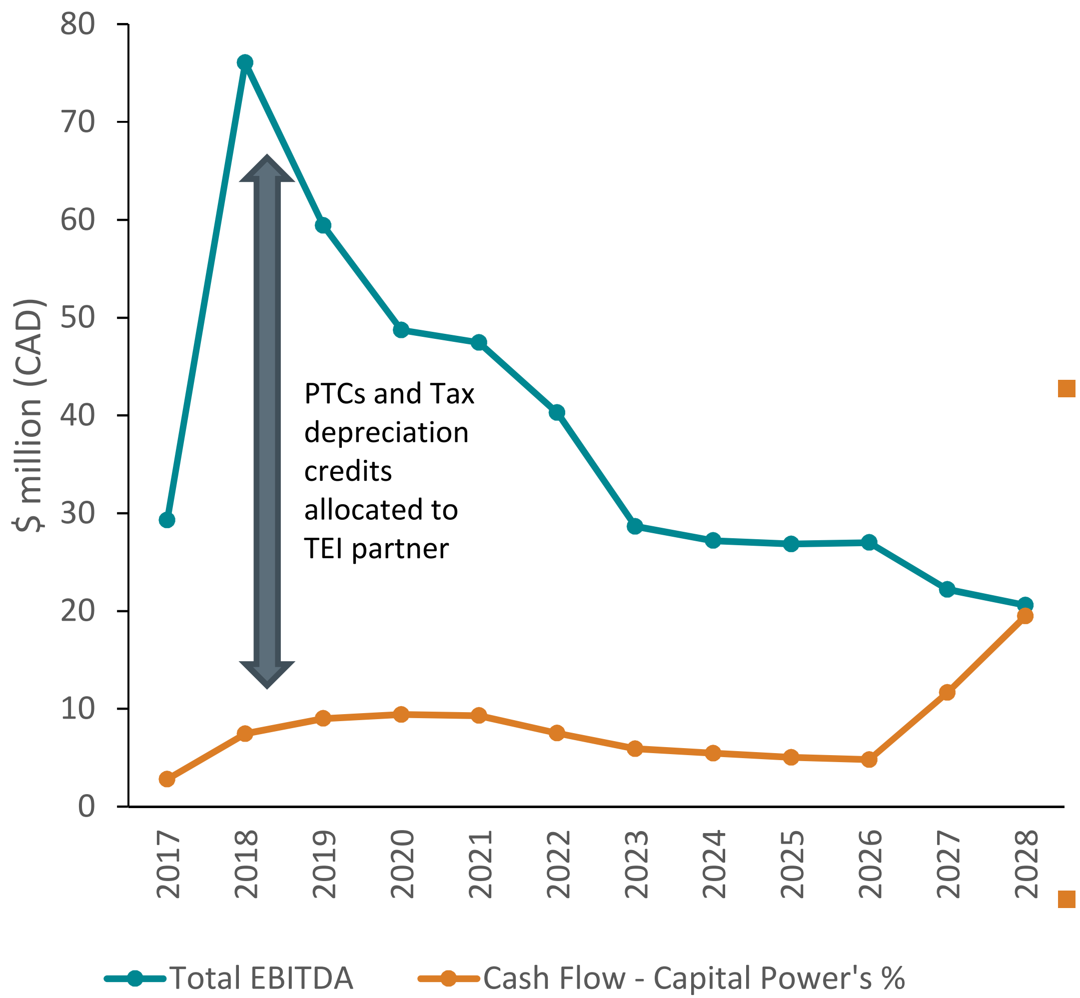
Acquisition of remaining ownership interest

- CPX currently owns a 50% interest in the Genesee Coal Mine equipment
    - Mine operator is paid a fee to cover their depreciation expense, income taxes, and a variable rate of return reflecting their cost of capital, which exceeds that of Capital Power
- CPX is pursuing the potential acquisition of the remaining 50% ownership interest
- Current mine operator would remain in place – continued savings on coal cost from efficiencies developed over the years
- Net potential savings in future coal cost for the Genesee units is expected to be $12M in 2017

Positive contribution to future cash flow

Bloom Wind

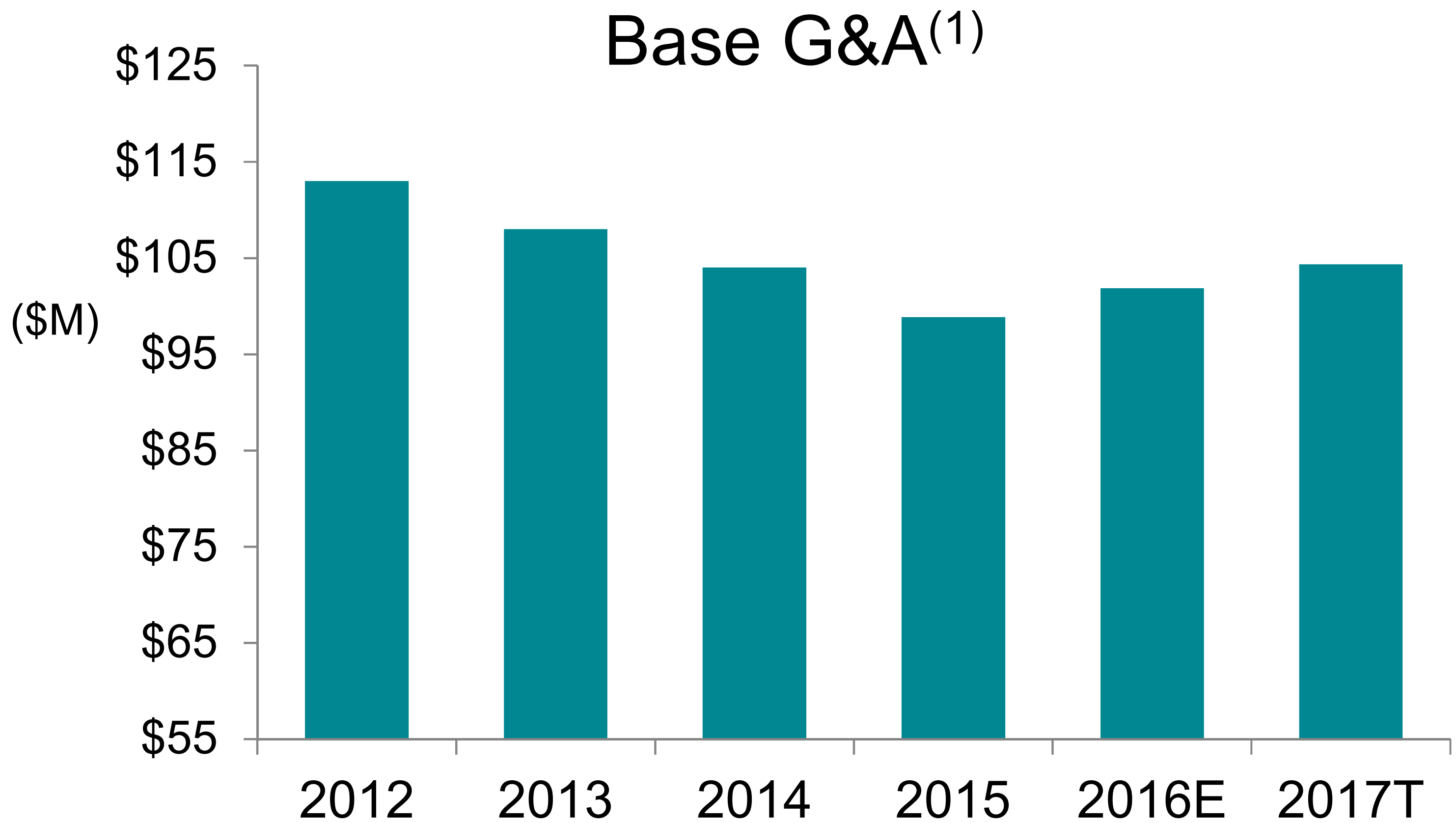
Modelling guidance – Project EBITDA vs. cash flow



- Bloom Wind accounted for on a consolidated basis with the Tax Equity Investor's (TEI) investment recorded as debt prior to flip-date and as non-controlling interest after flip-date
- Main difference between EBITDA and cash flow is driven by the accounting of the production tax credits (PTCs) and tax depreciation credits allocated to the TEI prior to the flip-date
- After flip-date, EBITDA and cash flow more aligned

Corporate expenses

Ongoing objectives to realize and maintain efficiencies



Base G&A expenses decreased by 8% while inflation increased by 10% since 2012

1) Base G&A expenses exclude one time restructuring costs incurred in 2013 and 2015, and a one time recovery of $20M received in 2014 related to an amendment of the Genesee Coal Mine agreement.

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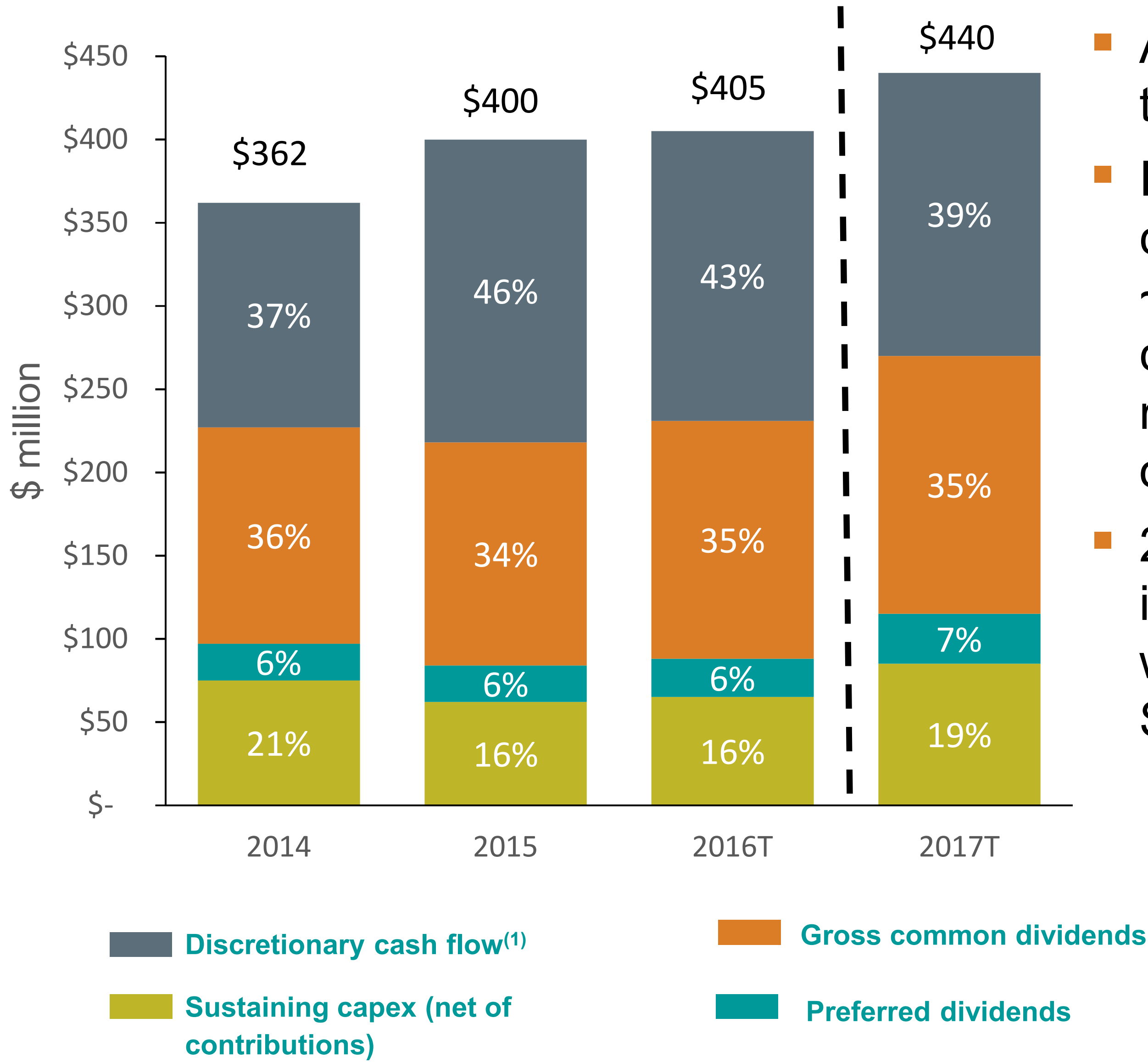
Updated 2016 FFO[1] guidance

Updated guidance based upon Q4 2016 activities

- Previous guidance was upper end of annual target range of $380M to $430M
- Sundance C PPA termination – payment of $20M
- 2016 funds from operations (FFO)[1] now expected to be in the lower half of the range

1) Funds from operations (FFO) is a non-GAAP financial measure. See page 87.

Continued strong cash flow generation



- Annual cash flow expected to increase ~10% in 2017
- Including coal compensation, generating ~$170M in discretionary cash flow (DCF)[1] to reinvest in growth opportunities
- 2017 sustaining capex includes spend associated with Genesee Performance Standard (GPS) project

1) Discretionary cash flow (DCF) is a non-GAAP financial measure. DCF = FFO + coal compensation – sustaining capex – preferred dividends – common dividends.

Cash flow and financing outlook

Generating surplus cash after dividends and sustaining CAPEX

Sources of cash flow ($M)	2017E
Funds from operations + coal compensation	$440
Proceeds from tax-equity debt	$235
Uses of cash flow ($M)	
Dividends (common shares)	$(155)
Dividends (preferred shares)	$(30)
Debt repayment	$(20)
Genesee Performance Standards (sustaining capex)	$(10)
Sustaining and maintenance capex	$(75)
Cash available for growth	**$385**
Anticipated growth capex	$(320)

No capital market financing expected in 2017

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Adjusted funds from operations (AFFO)[1]

Purpose of new metric

- Reflects cash available to sustain common dividends and to fund future investment opportunities
- Includes coal compensation, which is a source of cash inflow for the next 14 years

AFFO[1] defined as:

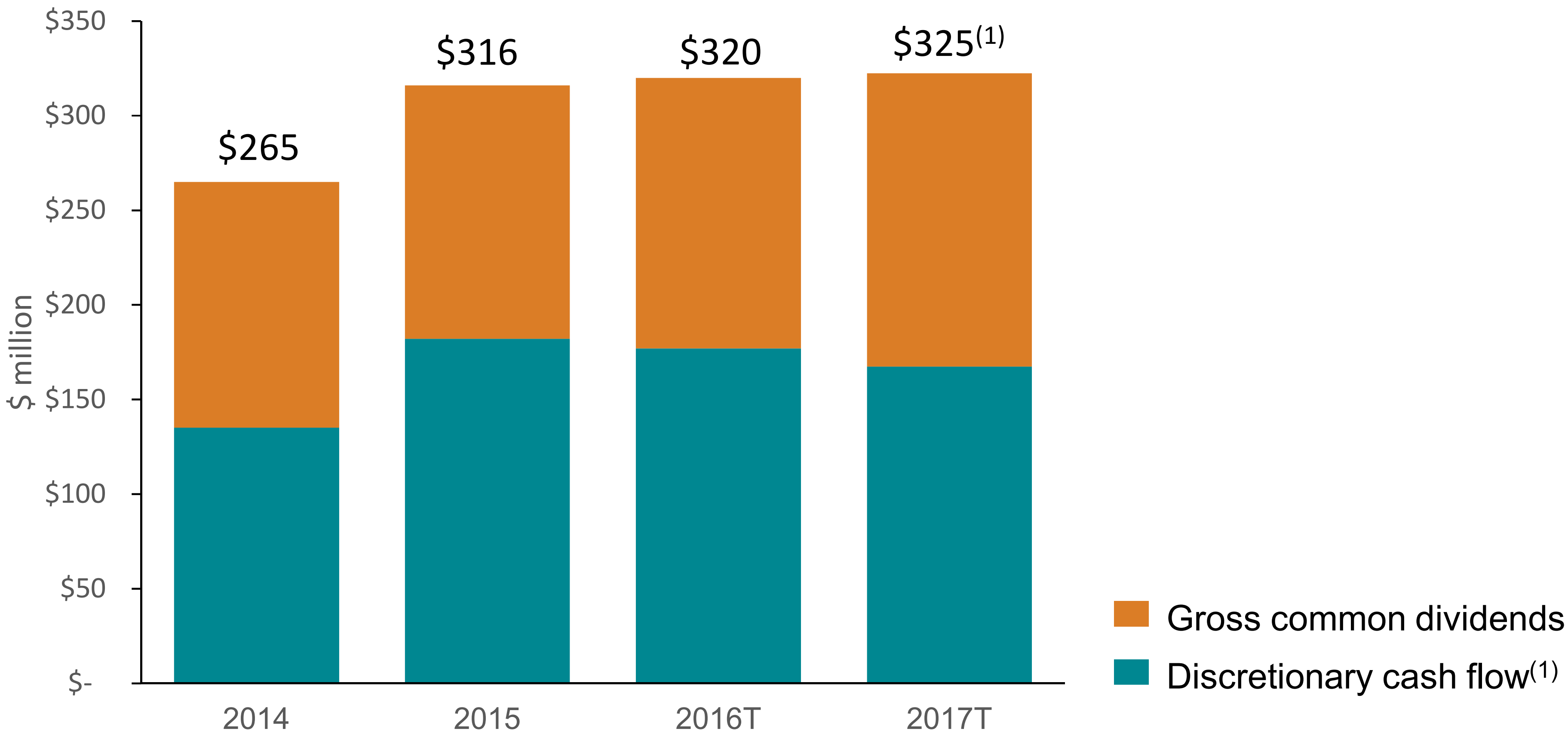
Funds from operations (as previously defined[2])
+ Coal compensation received annually
- Sustaining and maintenance capital expenditures
- Preferred dividends paid annually

Will begin providing guidance on the basis of AFFO starting for 2017

1) Adjusted funds from operations (AFFO) is a non-GAAP financial measure.
2) Funds from operations (FFO) is a non-GAAP financial measure. See page 87.

AFFO guidance for 2017

Cash available for common share dividends and growth



Average 4-year AFFO payout ratio is 46%

1) 2017 AFFO target represents the mid-point of $305M - $345M guidance range. AFFO is a non-GAAP financial measure. See page 87.

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Credit facilities extension

- July 2016:
  - Extended maturity date of the $1B committed credit facilities through to July 2021 to maintain the $1B of liquidity for a 5-year term
  - Increase of facility size by $55M through July 2020
  - Total extension of $1.055B of existing credit facilities
- Accordion feature permits an additional $245M increase to the facility in the future[1]

Available credit facilities provide funding for ongoing growth

1) Subject to certain conditions including lender approval.

Private placement debt financing

$160 million, 10-year unsecured senior note issuance

- Note bears interest rate of 3.85%, payable semi-annually
  - Significantly below yields otherwise achieved in Canadian Bond market
  - Reduced Capital Power’s overall cost of capital
- Completed Sept/16 with a 10-year non-amortizing tenure
- Accessed long-term debt market during period of economic and regulatory uncertainty
- Net proceeds partially used for repayment of amounts owing under existing credit facilities
  - Allows financial capacity to fund future investments

Executed without changes to existing financial covenants

Preferred shares issuance

- In Oct/16, completed the issuance of 8 million cumulative minimum rate reset preference shares
- Issued at $25.00 per share on a bought deal basis for gross proceeds of $200M
- Pay fixed cumulative dividends of $1.50 per share per annum, yielding 6.00% per annum
- Reset date and redemption feature as optionality if more competitive capital becomes available
- Will be treated as 50% equity / 50% debt from S&P's perspective

Successful offering at competitive rates

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Financing of growth opportunities

Existing financial capabilities and potential financing options

- Strong balance sheet driven by
  - Recent financings
  - Extension of credit facilities
- ~52% ($170M) of AFFO is DCF[1] available for allocation to support development and acquisition opportunities in 2017
- Flexibility to raise equity, if required
- Updated our hurdle rate for contracted growth opportunities reflecting lower cost of capital

Reduced spreads by 150 bps due to reduced risk in AB market and completion of private placement financing

1) Discretionary cash flow (DCF) is a non-GAAP financial measure. See page 87.

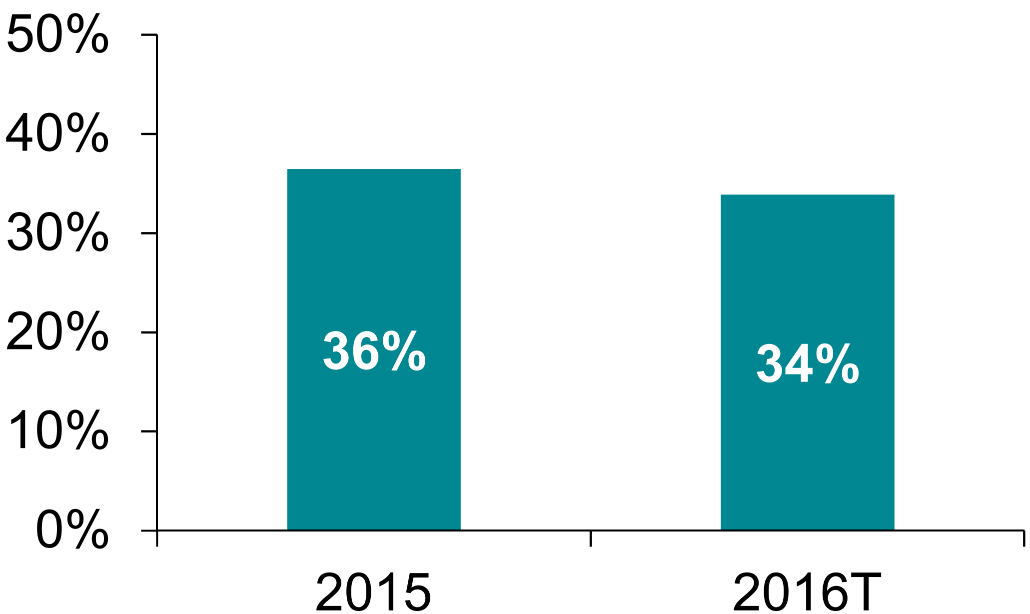
Financial strength

Strong balance sheet and investment grade credit rating

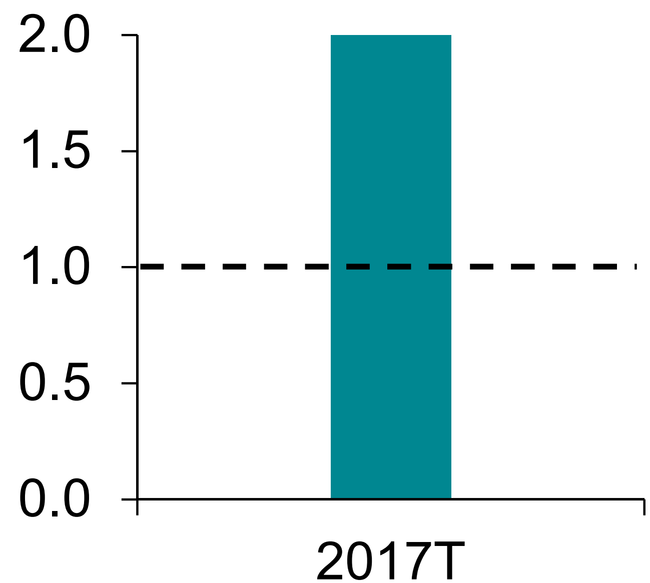
- Investment grade credit ratings by S&P and DBRS
- Continued to be well capitalized with capacity for leverage

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

Debt to total capitalization



Corporate Liquidity(1)

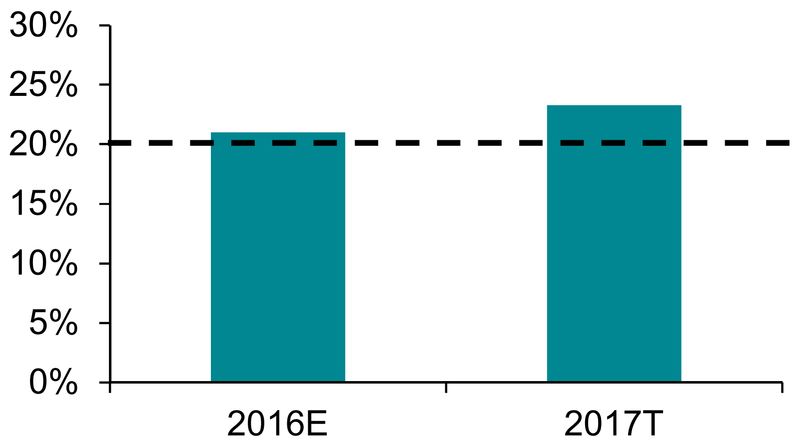


1) December 15, 2016 forward-looking estimate.

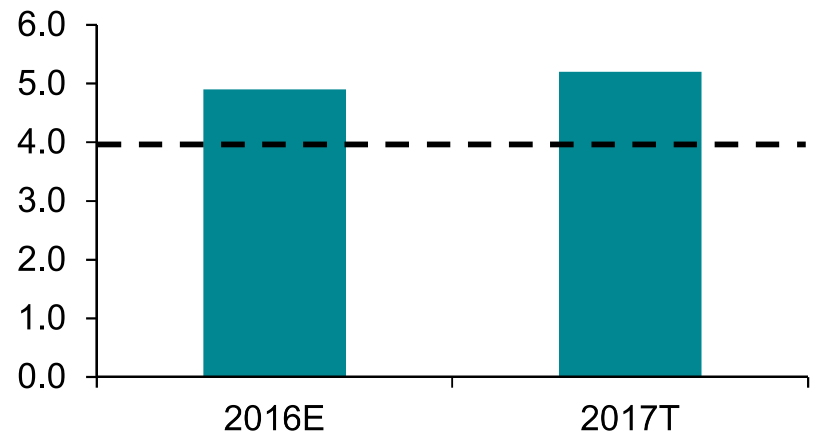
Credit metrics[1]

Above DBRS financial criteria for current rating

Adj. Cash flow/Adj. Debt[3]

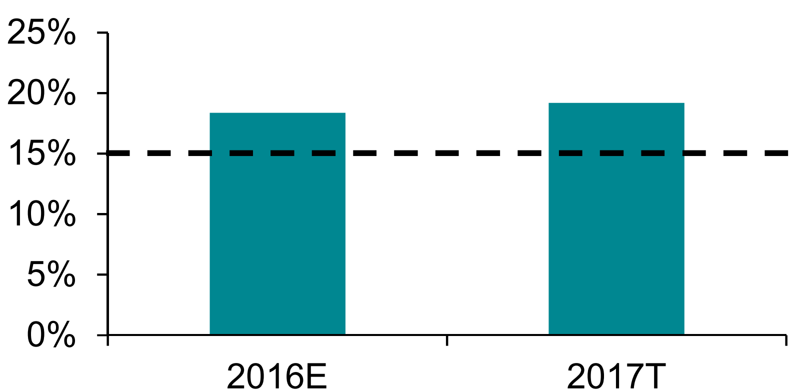


EBITDA/Adj. Interest

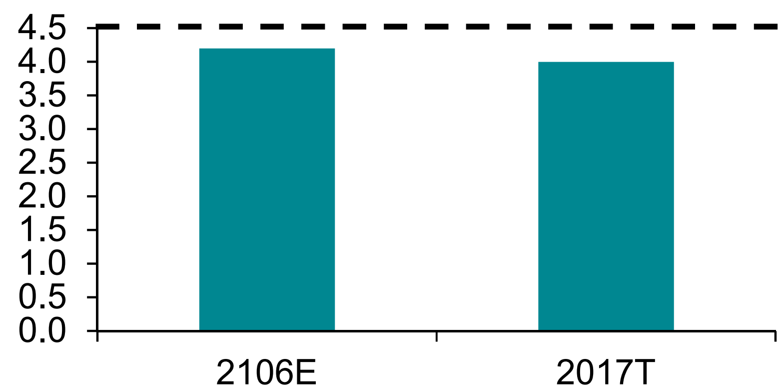


Within S&P financial criteria for investment grade rating

Adj. FFO/Adj. Debt[2][3]



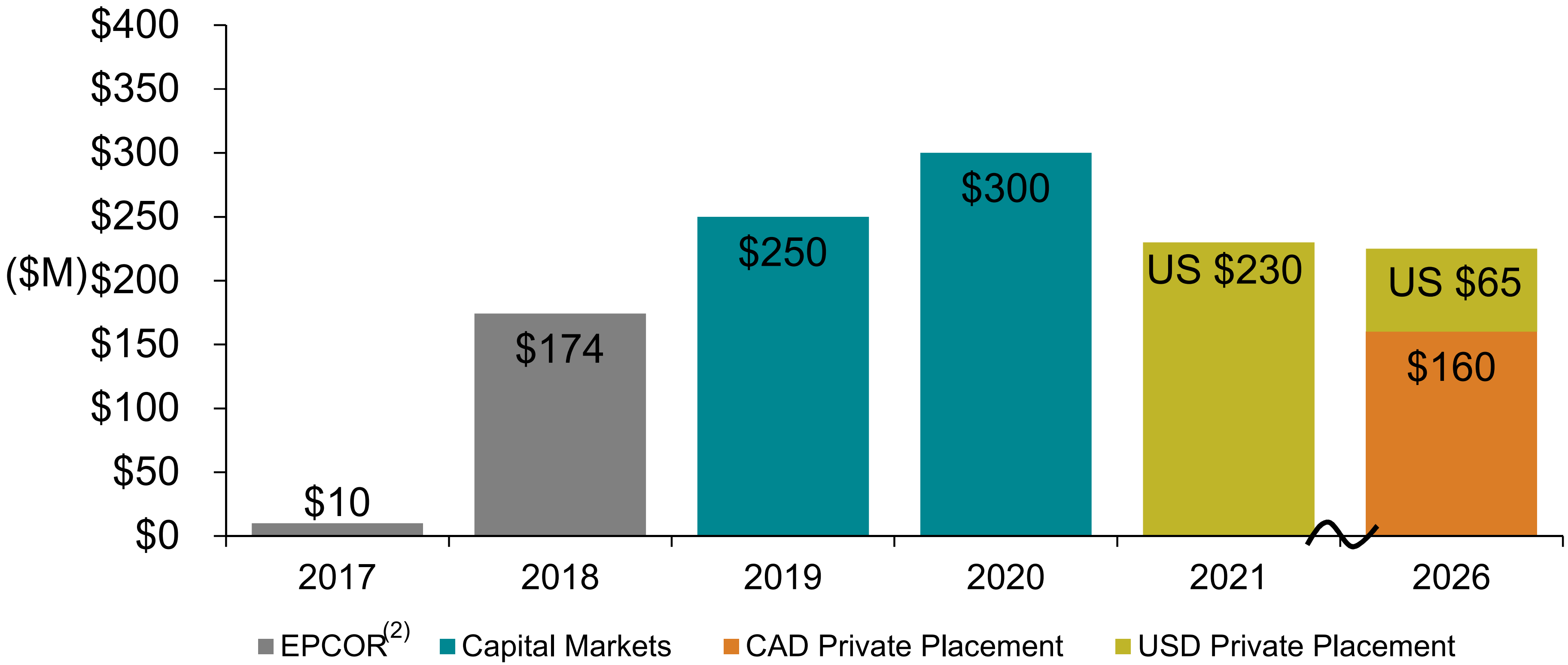
Adj. Debt/Adj. EBITDA[2][3]



1) Metrics applicable to Capital Power Corporation beginning 2016.
2) Based on S&P's weighted average ratings methodology.
3) Cash flow and adjusted EBITDA amounts include coal compensation in 2017.

Debt maturity schedule[1]

$1B in committed credit facilities recently renewed with 5-year tenor maturing 2021, of which ~$940M available in 2017



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

1) Debt amount as of November 30, 2016, excludes non recourse debt, credit facility debt, and tax-equity financing.
2) EPCOR callable debt of $184 million is shown based on maturity dates in 2017 and 2018.

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Carbon competitiveness regulation

- Required to comply with Specified Gas Emitters Regulation (SGER) through to the end of 2017. Levy under Carbon Competitiveness Regulation (CCR) effective starting in 2018

	2017	2018	2019	2020
Compliance regulation	SGER	CCR		
Compliance requirement	20%	55% to 65% (Down to best gas standard)		
Market compliance cost ($/tonne)	$30 (assumed to remain flat until post 2025)			

- Impact on Genesee 3 / Keephills 3 will be offset by higher pool prices and inventory of low-cost carbon offset credits through 2020
- Capital Power bears the Genesee 1 & 2 compliance costs post-2020 after PPA expiry

Use of existing offset credits and higher pool prices will more than offset higher compliance costs through 2020

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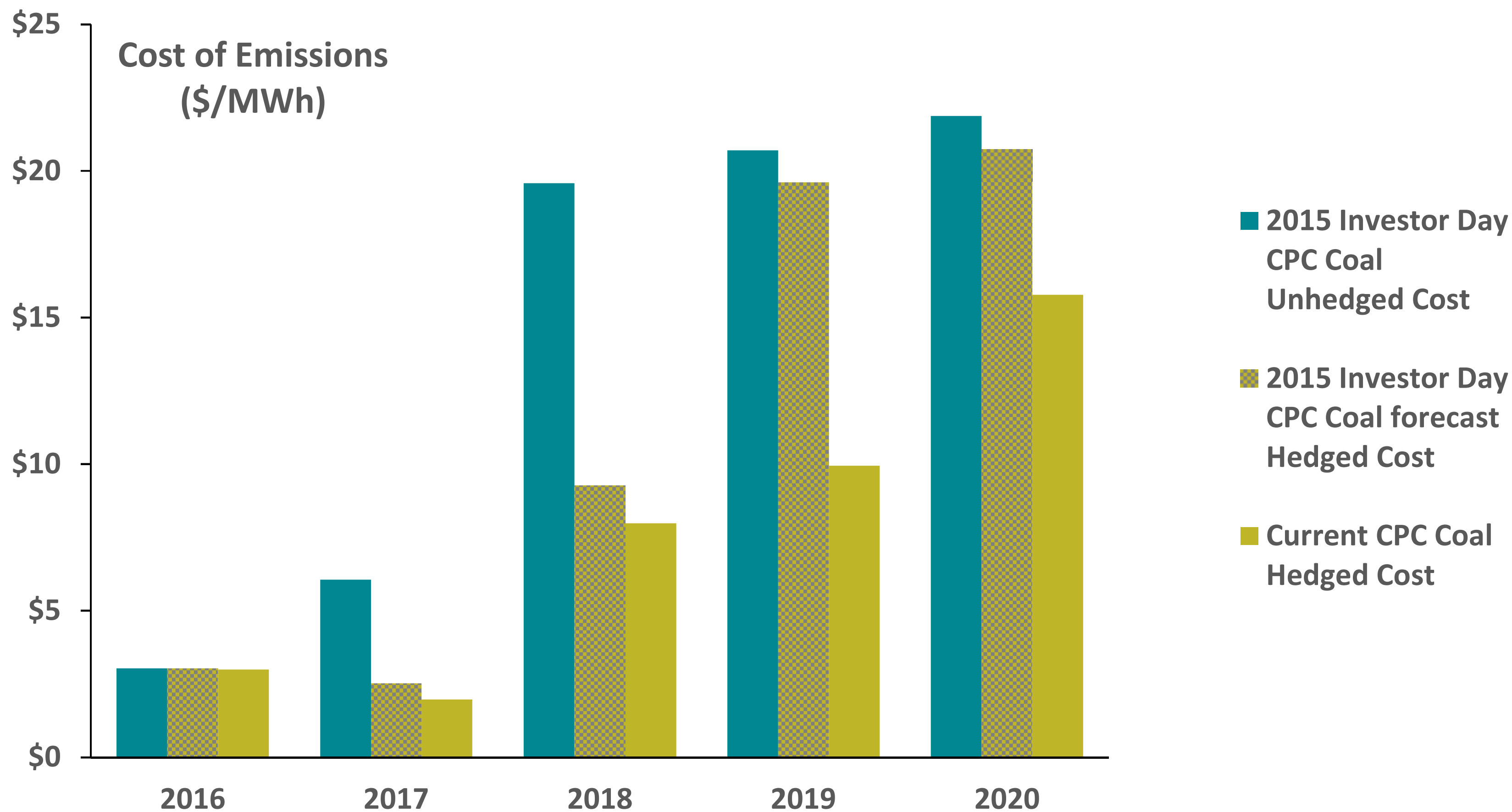
Carbon tax – cost of coal compliance

Cost of compliance versus tax



Lower compliance costs achieved by offset development & procurement strategies and lower GHG intensities

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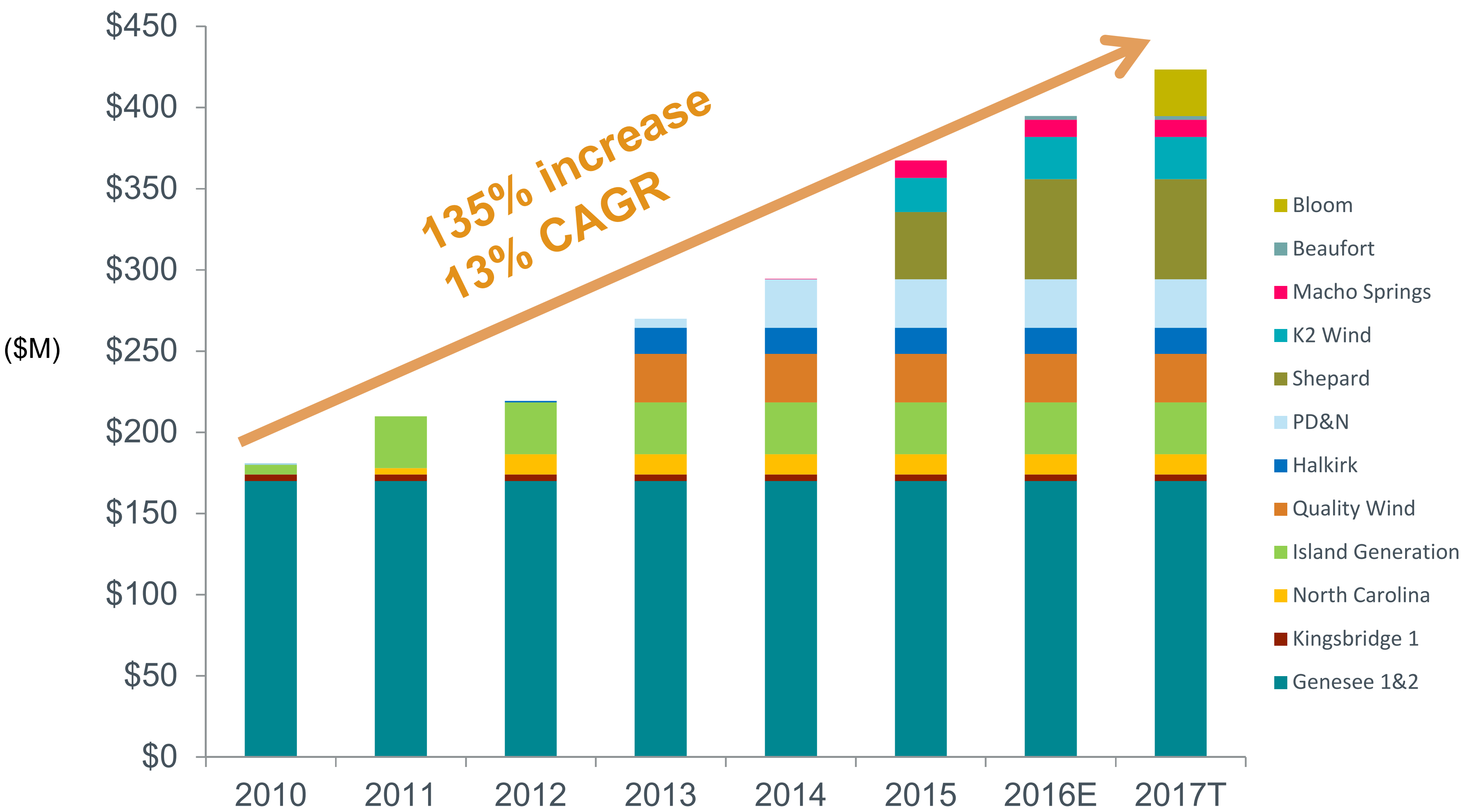
Improving contracted EBITDA[1,2,3]



Substantial expansion in contracted EBITDA from 2010-17

1) EBITDAs have been averaged over the periods except in the year of commissioning.
2) Only includes contracted portions of Halkirk and Shepard plants.
3) Capital Power's share of EBITDA for all assets.

AB commercial portfolio positions

Alberta Commercial baseload positions

As of Nov 30/16	2017	2018	2019
Percentage sold forward	100%	52%	40%
Average contracted prices[1] ($/MWh)	Mid-$40	Low-$50	Low-$50
Average forward prices ($/MWh)	$32	$39	$43

- Potential to capture market upside with peaking and wind facilities

Baseload merchant exposure fully hedged in 2017

1) The forecast average contracted prices may differ significantly from the future average realized prices as the hedged and unhedged positions have a varying mix of differently priced blocks of power.

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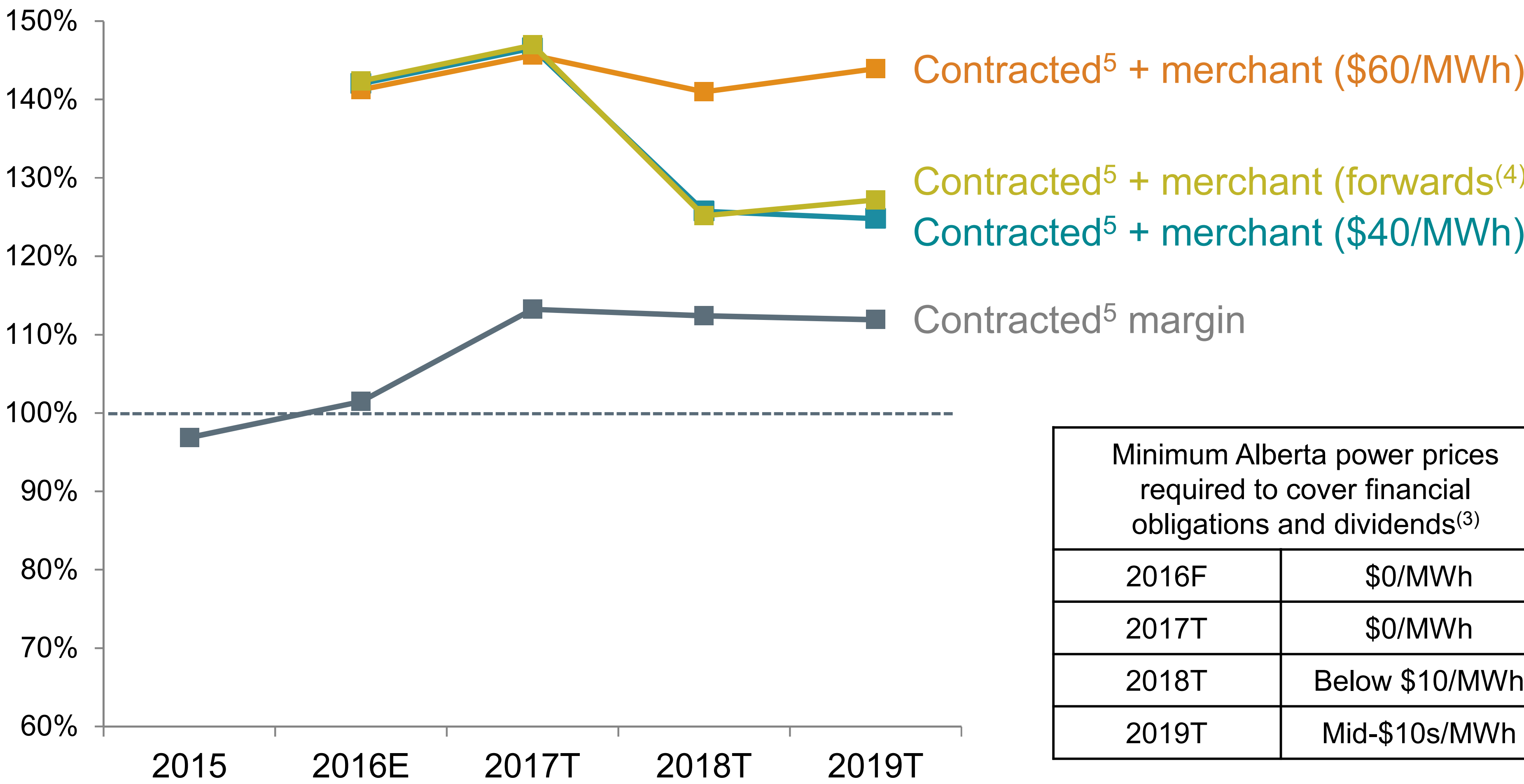
Strong financial coverage

Operating margin[1] to financial obligations[2] and dividends[3]



Minimum Alberta power prices required to cover financial obligations and dividends[3]	
2016F	$0/MWh
2017T	$0/MWh
2018T	Below $10/MWh
2019T	Mid-$10s/MWh

1) Merchant margin is calculated using $40/MWh and $60/MWh and is based on hedged position as at November 30, 2016
2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining contracted capital expenditures and general & administration expenses.
3) Dividends include common and preferred dividends. Assumes consistent common dividend growth in 2017-18.
4) Forwards as of November 30, 2016.
5) Includes government compensation.

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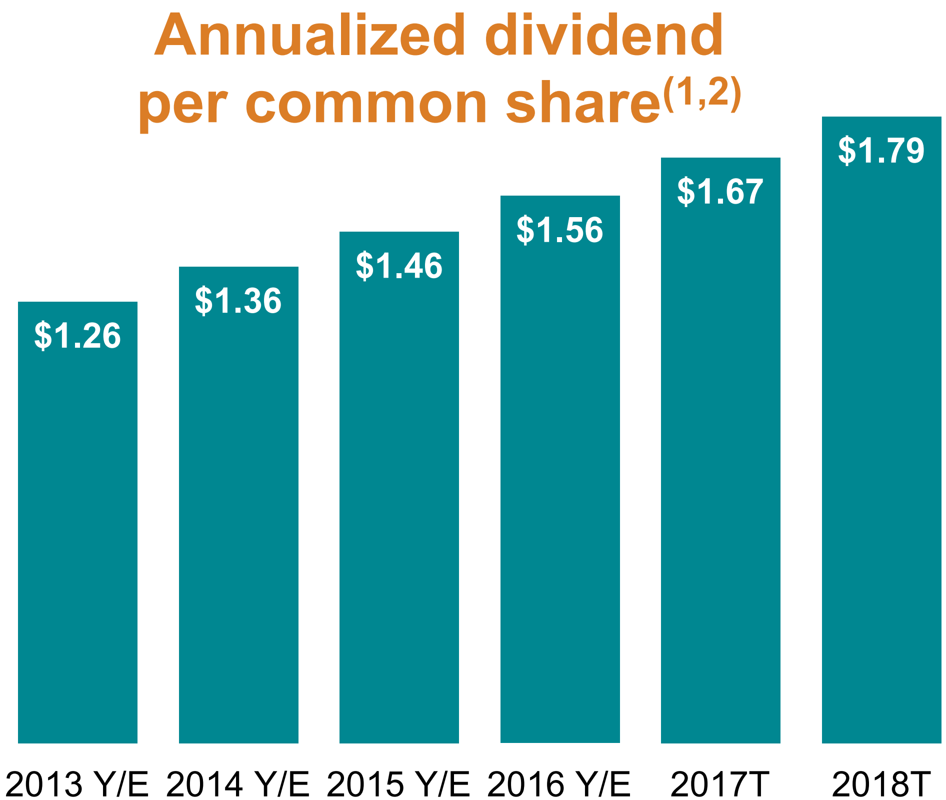
Target annual dividend increase



- Annual dividend guidance to 2018 remains unchanged
- Expect to generate $325M in AFFO in 2017
- AFFO payout ratio averages ~51% from 2016 to 2018
- Pipeline of opportunities to expand contracted footprint throughout North America

Well positioned to deliver consistent annual dividend growth

1) Subject to market conditions, economic outlook, cash flow forecast, and Board approval at the time.
2) 2013 to 2016 annualized dividend based on year-end quarterly common shares dividend declared.

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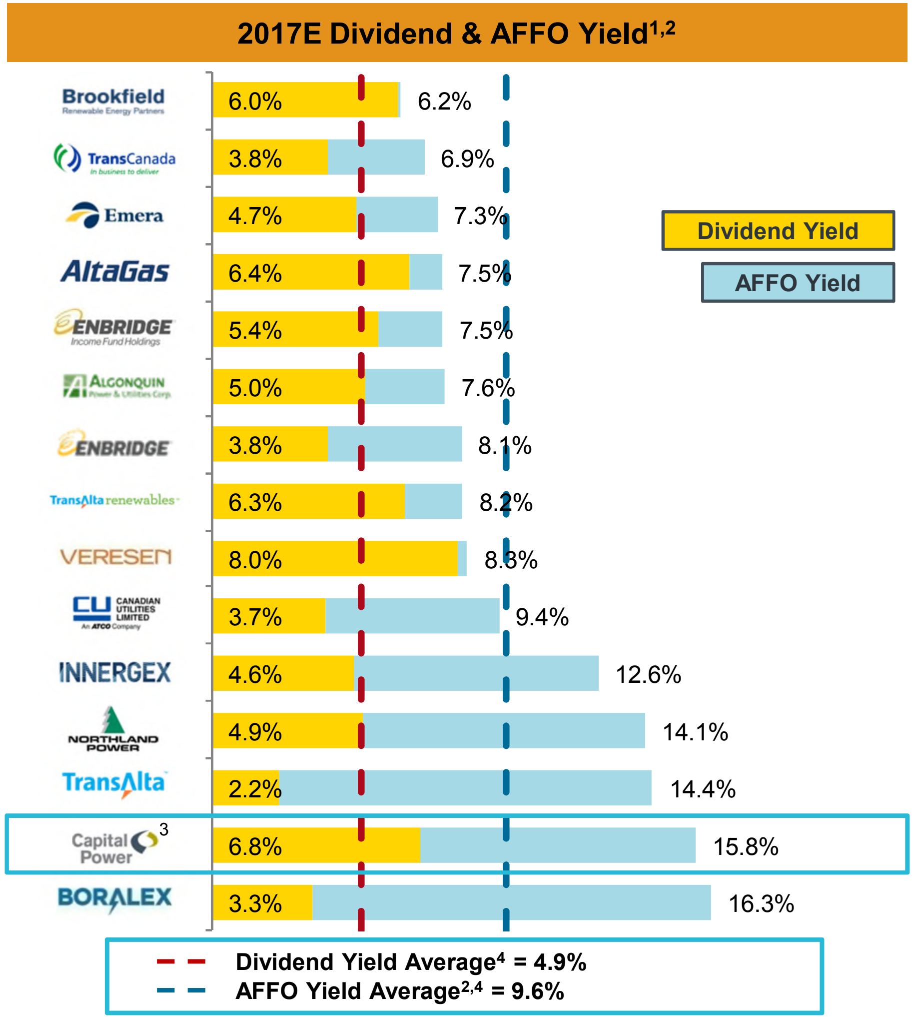
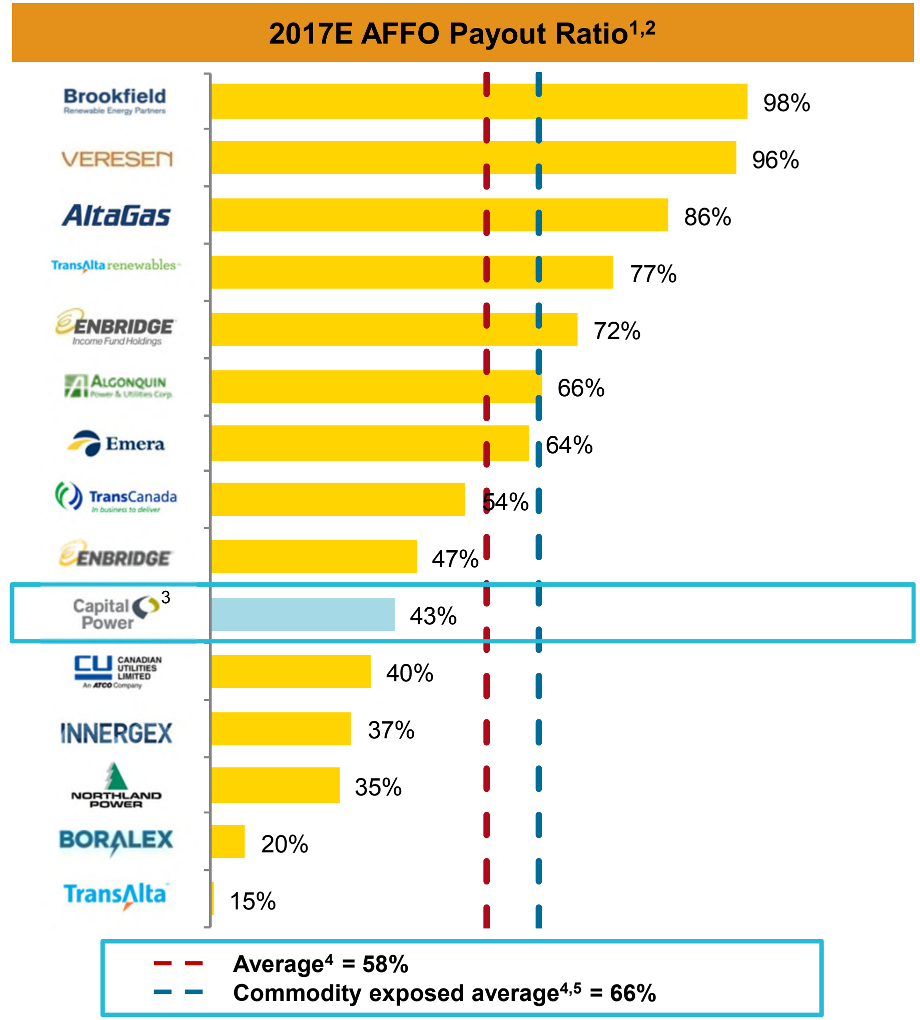
Attractive yields relative to peers

Capital Power's AFFO yield is highest amongst peers





1) Source: FactSet as at December 7, 2016 and with assistance of CIBC World Markets Inc.
2) Based on consensus analyst estimates. Adjusted funds from operations ("AFFO") calculated as cash flow from operations before working capital less maintenance capex and preferred dividends.
3) Based on research analyst estimates for 2017 that include the expected coal compensation.
4) Averages exclude Capital Power.
5) Commodity exposed average includes AltaGas, TransAlta, Veresen.

2017 Corporate Priorities

Brian Vaasjo

President & CEO

2017 Corporate operating priorities

Deliver strong operational performance from a young, well-maintained generation fleet

Operational targets

95%	**Capacity-weighted plant availability**
$85M	**Maintenance capital** (plant maintenance capital, sustaining capital expenditures, and Genesee Performance Standards)
$195M to $215M	**Plant operating and maintenance expenses**

2017 Corporate growth priorities

Enhance value for shareholders by delivering accretive growth from new developments

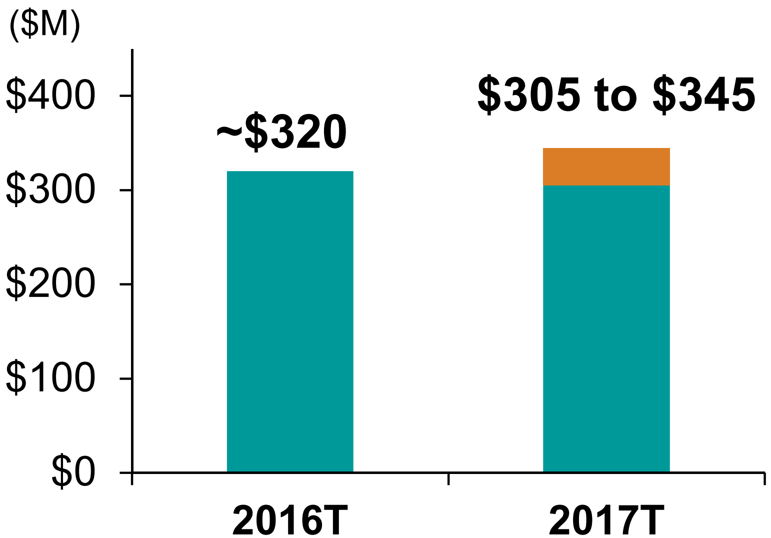
Development and construction targets

- Complete Bloom Wind on time and on budget
- Execute two PPAs for new development
- Continue to build development pipeline

2017 Corporate financial priorities

Financial target

Adjusted funds from operations[1]



2017 versus 2016 changes

- Annual coal compensation of $52.4M
- Addition of Bloom Wind (Q2/17)
- 100% of AB Commercial portfolio sold forward at mid-$40/MWh

1) Adjusted funds from operations is a non-GAAP financial measure, see page 87.

Summary

- 2016 is a strong performance year in poor market conditions
  - Resolution of issues with the Alberta Government are positive
- 2017 is expected to be similar
  - Moving forward with carbon management - GPS and credit inventory
- In Alberta, we are positioned very well for asset optimization and growth
  - Base load
  - Capacity market favorable to coal and natural gas conversion
  - Efficient coal plants leads to efficient natural gas plants
  - Retaining lead position for the next new natural gas asset
  - Renewables – very well positioned with excellent sites
- United States
  - Becoming more competitive
  - Development pipeline coming to fruition
- Supported by financial strength with an outlook to continued growth in dividends

Executing on strategy

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Non-GAAP financial measures

The Company uses (i) earnings before finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, and gains on disposals (adjusted EBITDA), (ii) funds from operations (FFO), (iii) adjusted FFO, (iv) discretionary cash flow, (v) normalized earnings attributable to common shareholders, and (vi) 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.

Forward-looking information

Forward-looking information or statements included in this presentation 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 in this presentation 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 in this presentation includes expectations regarding: (i) adjusted funds from operations, maintenance capital and sustaining capital expenditures, and operating and maintenance expenses, (ii) consistent growth of dividends, (iii) the impact of environmental regulations on Capital Power and its business, including, but not limited to, emissions compliance costs, (iv) commercial operation date for Bloom Wind, (v) Alberta's electricity market structure, (vi) carbon credits and the price of electricity in Alberta, (vii) Capital Power's ability to compete for new projects, (viii) the development of new projects (ix) and plant availability. 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. The material factors and assumptions used to develop these forward-looking statements relate to: (i) electricity and other energy prices, (ii) performance, (iii) business prospects and opportunities including expected growth and capital projects, (iv) status and impact of policy, legislation and regulation, and (v) effective tax rates.

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. 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, and
- other matters discussed under the Performance Overview and Outlook and Targets for 2015 sections in the Company's Q3/15 MD&A.

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 and tax legislation,
- power plant 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, and
- changes in general economic and competitive conditions.

See Risks and Risk Management in the Q3/16 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 date made. 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

Capital Power