

Q3/20 Analyst Conference Call

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Forward-looking information

Cautionary statement

Certain information in this presentation and responses to questions contains forward-looking information. Actual results could differ materially from conclusions, forecasts or projections in the forward-looking information as a result of certain material factors or assumptions that were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information.

Additional information about the material factors and risks that could cause actual results to differ materially from the conclusions, forecasts or projections in the forward-looking information and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information are disclosed on slide 15 of this presentation and in the Company's third quarter 2020 Management's Discussion and Analysis (MD&A) prepared as of October 30, 2020 which is available under the Company's profile on SEDAR at [sedar.com](https://www.sedar.com) and on the Company's website at [capitalpower.com](https://www.capitalpower.com).



Non-GAAP financial measures

The Company uses (i) earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense and depreciation expense from its joint venture interests, gains or losses on disposals and unrealized changes in fair value of commodity derivatives and emission credits (adjusted EBITDA), (ii) adjusted funds from operations, (iii) adjusted funds from operations per share, (iv) normalized earnings attributable to common shareholders, and (v) normalized earnings per share as financial performance measures.

These terms are not defined financial measures according to GAAP and do not have standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, net income attributable to shareholders of the Company, net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, these measures are provided to complement GAAP measures in the analysis of the Company's results of operations from management's perspective.

Reconciliations of these non-GAAP financial measures are disclosed in the Company's Management's Discussion and Analysis prepared as of October 30, 2020 for the third quarter of 2020, which is available under the Company's profile on SEDAR at [SEDAR.com](https://www.sedar.com) and on the Company's website at [capitalpower.com](https://www.capitalpower.com).





Q3/20 highlights

Strong operating performance and financial results in COVID-19 environment – results meeting management expectations

- No change in our 2020 outlook – reaffirming our financial guidance provided at Investor Day in Dec/19

Growth strategy – continued progress on renewables and sustainability

- Executed 20-year PPAs for 3 solar projects in North Carolina: Hornet Solar (75 MW), Hunter’s Cover Solar (50 MW) and Bear Branch Solar (35 MW)
- Increased our equity investment in C2CNT from 9% to 25%; investment creates environmental benefits in line with our sustainability strategy

Financial stability

- Raised \$350M from successful 12-year MTN offering at 3.147%
- Executed 10-year tolling agreement extension for Decatur Energy
- Completed transition to 10-year LTSA with Vestas for the maintenance of all Vestas-equipped wind facilities while reducing costs by an estimated 26% compared to current service and maintenance agreements



10-year tolling agreement extension for Decatur Energy

Provides immediate benefits on current agreement

- 10-year tolling agreement extension through to Dec 2032 with current counterparty
- Since 2017, combustion turbines (CT) have been upgraded to increase capacity, improve heat rate and fuel efficiency, and maintain reliability
 - 2 of 3 CT upgraded adding 60 MW of additional capacity, third CT to be upgraded in 2021 adding 30 MW
- Payments for 34 MW of additional capacity immediately and up to an additional 79 MW of capacity on updated interconnection agreement expected in 2021
- Expected financial contributions from contract extension will add significant value in the remaining years of current contract and beyond the current contract expiry in 2022



Extension validates acquisition strategy of acquiring mid-life contracted gas assets with a positive re-contracting outlook



Growth in renewables

3 new solar development projects in North Carolina

- Executed 20-year PPAs with Duke Energy Carolinas for Hornet Solar, Hunter's Cove Solar, and Bear Branch Solar totaling 160 MW
- Construction to begin late 2021 / early 2022 with estimated capital cost of \$260M with COD in Q4/22
- Estimated \$23M of adjusted EBITDA and \$5M of AFFO annually on average in first five years
- Strengthens contracted cash flows and increases overall average remaining contract life of our contracted facilities

Renewables increase from 16% in 2019 to 23% in 2022⁽¹⁾

1) Megawatt capacity-weighted percentages.



Financial performance – Q3/20

\$M, except per share amounts	Q3/20	Q3/19	Change
Revenues and other income	\$453	\$517	(12%)
Adjusted EBITDA	\$284	\$284	-
Basic earnings (loss) per share	\$0.89	(\$2.25)	140%
Normalized EPS	\$0.66	\$0.60	10%
Net cash flows from operating activities	\$258	\$209	23%
Adjusted funds from operations (AFFO)	\$221	\$225	(2%)
AFFO per share	\$2.10	\$2.11	-

Adjusted EBITDA from additions of Cardinal Point, Whitla Wind 1, Buckthorn Wind and strong trading performance, partly offset by Arlington Valley toll decrease



Financial performance – Q3/20 YTD

\$M, except per share amounts	Q3/20 YTD	Q3/19 YTD	Change
Revenues and other income	\$1,421	\$1,280	11%
Adjusted EBITDA	\$735	\$677	9%
Basic earnings (loss) per share	\$0.87	(\$0.90)	197%
Normalized EPS	\$1.09	\$1.05	4%
Net cash flows from operating activities	\$452	\$519	(13%)
Adjusted funds from operations (AFFO)	\$436	\$427	2%
AFFO per share	\$4.14	\$4.11	1%

Higher Adjusted EBITDA from acquisition of Goreway and renewable additions, partly offset by Arlington Valley toll decrease



Solid financial results

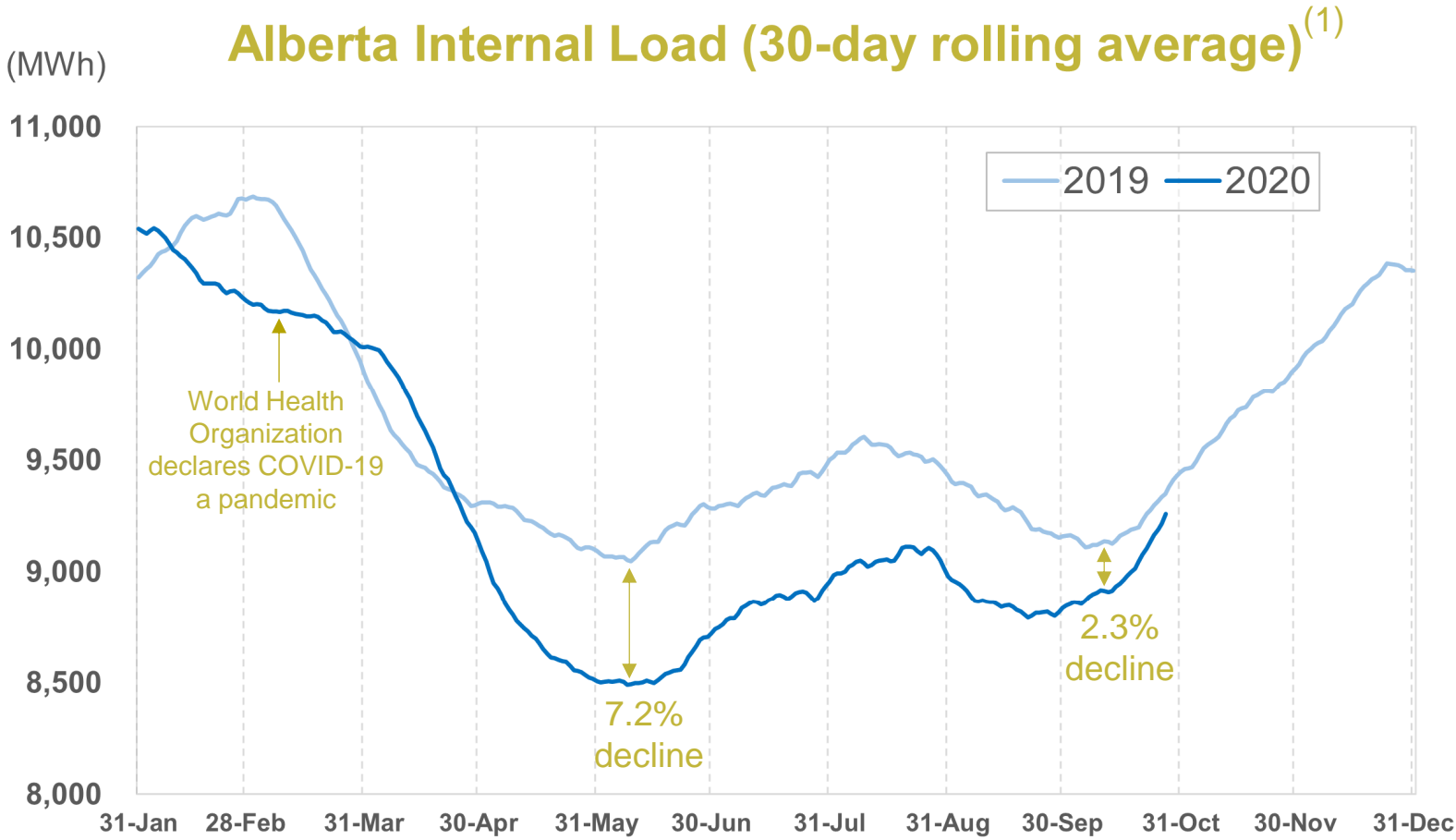
Realized power prices continue to exceed spot power prices

- Captured realized price of \$59/MWh in Q3/20 compared to average AB spot price of \$44/MWh
- Lower spot price in Q3/20 reflected lower market demand from reduced oil and gas production and impacts from COVID-19 and softer pricing from a stable baseload supply, strong hydro and wind generation, and moderate temperatures
- Line Loss Rule Proceeding
 - \$18M provision recorded (life to date)
 - 1st of three invoices received for payment by end of 2020 (\$6M impact to AFFO)
 - 2nd and 3rd invoices expected by end of 2020 and Q1/21, respectively, with payments due in first half of 2021

Portfolio optimization	Q3/20	Q3/19
Average AB spot price	\$44/MWh	\$47/MWh
Average realized price	\$59/MWh	\$59/MWh
% realized vs. spot price	34%	26%



Alberta power market – COVID-19 impact



- Based on actual 30-day rolling averages, largest year-over-year decline in power demand was 7.2% due to COVID-19 pandemic and low crude oil prices
- Demand started to recover in June as the economy re-opened closing the gap to ~2% yoy decline in October
- Disciplined supply response expected to mitigate impact from reduced demand

1) Source: AESO, Capital Power



Portfolio optimization

Alberta commercial portfolio positions

	2021	2022	2023
% sold forward ⁽¹⁾	13%	18%	12%
Contracted prices ⁽¹⁾ (\$/MWh)	High-\$50	Low-\$50	Low-\$50
Current average forward prices ⁽²⁾ (\$/MWh)	\$55	\$53	\$51

- Substantially all of baseload generation hedged for the remainder of 2020
- Low hedged position in 2021 due to lower than normal liquidity and the gap between our fundamental pricing view and forward prices
- Low liquidity in 2021 related to uncertainty from:
 - expiry of AB Balancing Pool PPAs at end of 2020 and transfer of market share offer control to commercial entities (~2,400 MWs or 15% of supply),
 - continued impacts of COVID-19 and oil price reduction on demand, and
 - carbon pricing

1) As of September 30, 2020. Based on the Alberta baseload facilities plus a portion of Joffre and the uncontracted portion of Shepard.

2) As of October 30, 2020.



Six renewable projects announced in 2020 adding 355 MWs

Facility	Type	Capacity (MW)	Location	Capital Cost (\$M)	COD
Buckthorn Wind	Acquisition	100.5	Texas	\$187	Acquired Apr/20
Whitla Wind 3	Build	54	Alberta	\$92	Q4/21
Strathmore Solar	Build	40.5	Alberta	~\$53	Early 2022
Hornet Solar	Build	75	North Carolina	\$118	Q4/22
Hunter's Cove Solar	Build	50	North Carolina	\$82	Q4/22
Bear Branch Solar	Build	35	North Carolina	\$60	Q4/22
		355		~\$592	

Excellent progress on growth and renewable targets supports our goal of being net carbon neutral before 2050



2020 annual targets⁽¹⁾

	Target	Q3/20 YTD	Forecast
Facility availability	93%	94%	✓ Modestly exceed target
Sustaining capex (\$M)	\$90 to \$100	\$50	✓ Below target
Adjusted EBITDA (\$M)	\$935 to \$985	\$735	✓ Above mid-point of range
AFFO (\$M)	\$500 to \$550	\$436	✓ Near mid-point of range excluding impact from Line Loss Rule Proceeding
Growth capital (\$M)	\$500	\$592	✓ Exceeded
Construction targets <ul style="list-style-type: none"> • Cardinal Point Wind • Whitla Wind 2 	Complete projects on-budget and on-schedule		<ul style="list-style-type: none"> ✓ Cardinal Point Wind completed in Q1/20 ✓ Whitla Wind 2 tracking on-budget and on-schedule for COD in Q4/21

On track to meet or exceed all 2020 targets

(1) 2020 annual targets announced at 2019 Investor Day in Dec/19.





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Questions?

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:

- future revenues, expenses, earnings, adjusted EBITDA 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 phases 2 and 3 of the Whitla Wind project, the Strathmore Solar project, and North Carolina solar projects),
- facility availability and planned outages,
- capital expenditures for facility maintenance and other (sustaining capital, future growth projects, commercial initiatives),
- the financial impacts of the acquisition of Buckthorn Wind, including the impacts to adjusted EBITDA and adjusted funds from operations,
- the likelihood of meeting the threshold and paying out contingent consideration related to Buckthorn Wind,
- the timing of the Buckthorn Wind tax equity investor reaches the agreed upon target rate of return,
- the final cost and financial impacts of Cardinal Point Wind in its first full year of operations, including the impacts to adjusted EBITDA and adjusted funds from operations,
- impacts of the Vestas Long-Term Service Agreement (LTSA) extension agreement, including cost reductions, impacts on adjusted EBITDA and adjusted funds from operations and timing of finalizing facility LTSAs as well as the years they will become effective,
- the financial impacts of the Strathmore Solar project and North Carolina solar projects, including impacts to adjusted EBITDA and adjusted funds from operations,
- the impacts of market designs in the Company's core markets,
- the Line Loss Rule Proceeding including timing of invoicing, participation in applicable regulatory processes, and potential impacts to the Company, and
- the impact of the COVID-19 pandemic and the decline in oil prices.

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 and carbon prices,
- performance,
- business prospects (including potential re-contracting of facilities) and opportunities including expected growth and capital projects,
- status of and impact of policy, legislation and regulations,
- effective tax rates,
- foreign exchange rates,
- anticipated performance of Buckthorn Wind,
- anticipated performance of Cardinal Point Wind,
- anticipated performance of Strathmore Solar,
- anticipated performance of North Carolina solar development projects,
- assumptions around the Line Loss Rule Proceeding calculations including preliminary AESO recalculated loss factors for the historic years 2014-2016, and estimated historic loss factors from the AUC proceeding for the remaining historic period (2006-2013), and
- other matters discussed under the Performance Overview, Outlook and Risks and Risk Management sections.

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,
- generation facility availability, wind capacity factor and performance including maintenance expenditures,
- 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 Buckthorn Wind acquisition,
- limitations inherent in the Company's review of acquired assets,
- changes in general economic and competitive conditions, and
- risks and uncertainties discussed under the Risks and Risk Management section.

See Risks and Risk Management in the Company's December 31, 2019 annual MD&A and Risks and Risk Management, for further discussion of these and other risks.

Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the specified approval date. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.





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