



Q4/21 Analyst Conference Call

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February 24, 2022

Capital
Power

The logo for Capital Power, featuring the company name in a bold, sans-serif font. To the right of the text is a stylized white icon on a yellow background, consisting of two curved shapes that form a partial circle, resembling a power symbol or a stylized 'C'.

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 14 of this presentation and in the Company's 2021 Integrated Annual Report prepared as of February 23, 2022 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.

Non-GAAP financial measures and ratios

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 (AFFO), (iii) normalized earnings attributable to common shareholders as financial performance measures.

The Company also uses AFFO per share and normalized earnings per share as performance measures. These measures are non-GAAP ratios determined by applying AFFO and normalized earnings attributable to common shareholders, respectively, to the weighted average number of common shares used in the calculation of basic and diluted earnings per share.

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 Integrated Annual Report prepared as of February 23, 2022 for 2021, 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.



Accelerating strategic objectives



Strategic

- Acceleration of our renewable and storage footprint
- Success on long-term contracting
- Repositioning Genesee 1 & 2 to be most efficient combined cycle units in Alberta



Sustainability

- Integral to our business including broad compensation linked to ESG targets
- Advancing decarbonization strategy through strategic partnerships



Financial

- Record financial performance
- Maintaining financial strength
- Reducing risk
- Extended dividend guidance



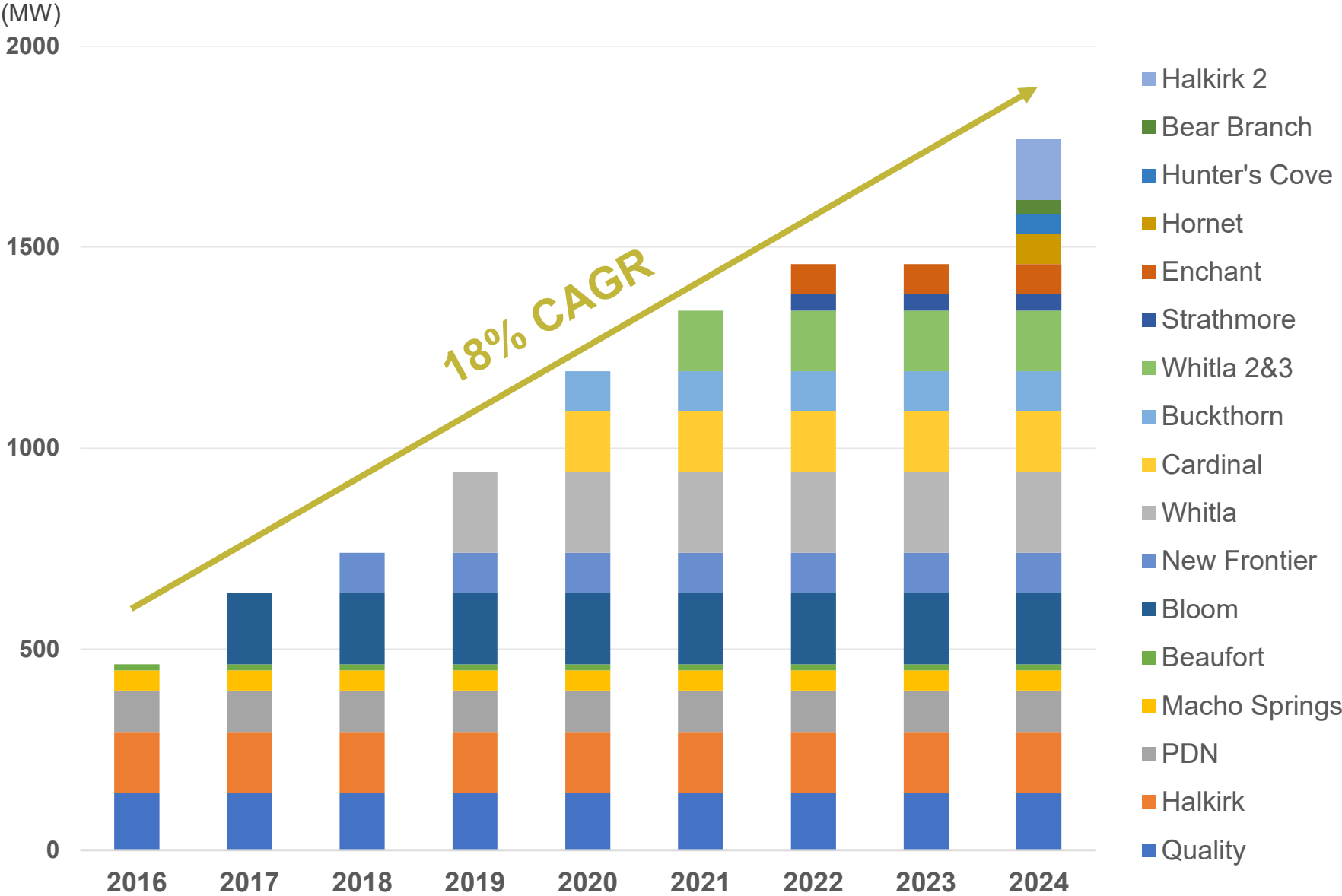
Strategic highlights – executing on growth

- Advancing Genesee repowering with the integration of battery storage
- 6-year tolling agreement extension for Arlington Valley reaffirms our natural gas strategy
- Decatur's combustion turbine upgrades increase contracted capacity and economics
- COD of phases 2 and 3 of Whitla Wind ahead of schedule and below budget
- Execution of two long-term renewable contracts in Alberta; positive outlook for further demand
- Halkirk 2 capitalizes on demand for renewable energy
- Portfolio of solar and storage sites in the U.S. provides platform for significant renewable growth



Strategic advances support our roadmap to decarbonization

Consistent substantial growth in renewables





Sustainability commitments – integral to Capital Power

- Broad compensation linked to ESG targets
 - Diversity targets
 - 30% carbon reduction by 2024
 - Employee well being
- Successful implementation of sustainable sourcing plan and water management strategy
- On track to be off coal in 2023
- Sustainability-linked credit facilities tied to emission intensity targets
- Collaboration with Enbridge for carbon capture & storage solution



On track to meet our sustainability targets

Substantial progress on advancement of CCUS



Alberta CCUS hub

- Collaboration with Enbridge for “Open Access Wabamun Carbon Hub” progressing well
- Final stages of pre-FEED study
- Genesee CCS project expected to capture up to 3 million tonnes of CO₂ annually
- FID expected mid-2023 subject to government support and regulatory risks



CCS financial support

- \$1.8 - \$2.0B project cost for carbon capture
- Expect sufficient Federal and Provincial government support
- Direct Pay option that provides value of credit immediately is essential
- Ongoing discussions with Canada Infrastructure Bank on framework for financing
- Expect First Nations participation
- Other potential partnerships



Carbon policy de-risking

- Required for Genesee CCS to advance
- General appreciation by governments that long-term policy uncertainty presents unique risks to investments in CCS
- Discussion of potential mechanisms and approaches to mitigate adverse impacts in event of carbon policy-related changes





Financial highlights – generating strong cash flow

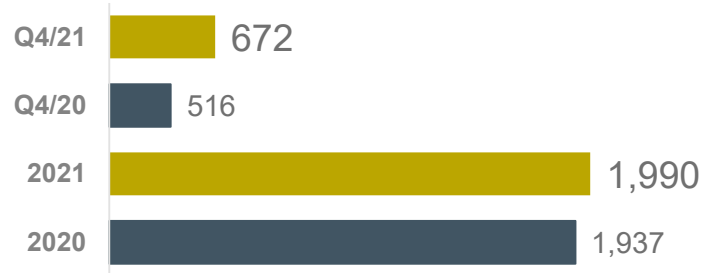
- Record adjusted EBITDA and AFFO in 2021 with equivalent 2022 forecast performance
- 8th consecutive annual dividend increase in 2021 with guidance extended to 2025
- TSR of 19% in 2021 consistent with 5-year average
- Well managed medium-term risks support reliable cash flow
- Successful financings and NCIB program in place
- Maintain investment grade credit ratings



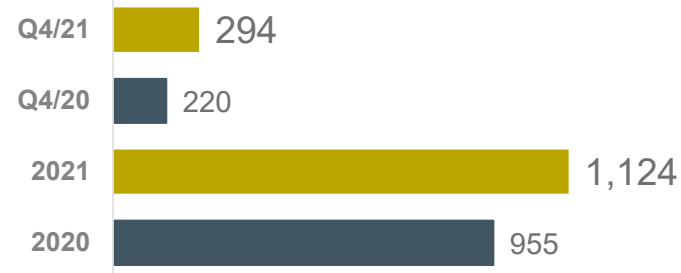
Well-positioned to finance growth capex using internally generated cash flow

2021 record year in financial performance

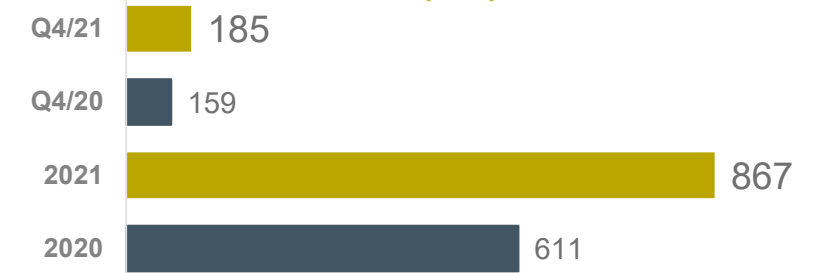
Revenues and other income (\$M)



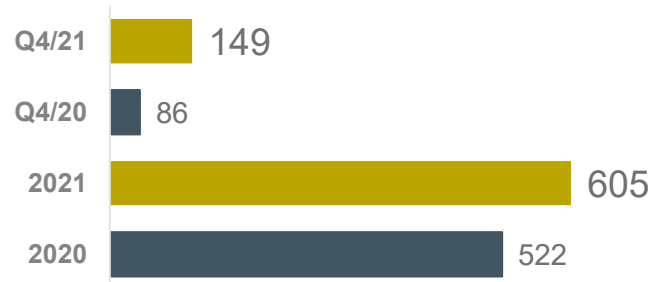
Adjusted EBITDA (\$M)



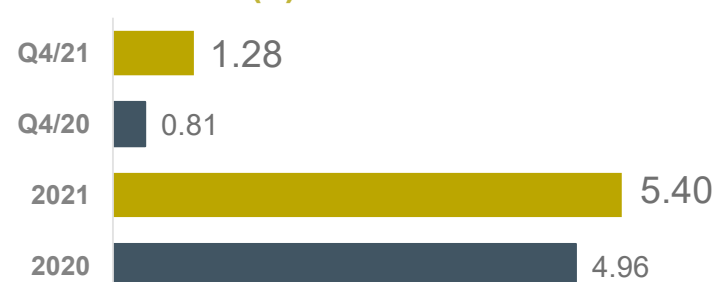
Net cash flows from operating activities (\$M)



AFFO (\$M)



AFFO/share (\$)



- Higher AB power price
- COD of Whitla 2, full year contributions from Buckthorn Wind and Cardinal Point
- Accelerated recognition of coal compensation with repowering
- Lower finance expense



- Weaker USD
- Lower wind resources
- Higher current tax expense

Adjusted EBITDA and AFFO exceeded mid-points of higher revised guidance



Island Generation contract renewal nearing completion

Sep 2021

- BC Hydro indicated to BCUC the need for Island Generation during transmission repairs

Dec 2021

- BC Hydro released final IRP – affirmed intention that long-term EPA for Island Generation not required

Current status

- \$52M impairment recorded based on developments noted above and assumed 4-year contract extension
- Continue to expect need for Island Generation beyond 4 years
- Aggressively intervening in BCUC IRP process



Alberta portfolio optimization of short- and medium-term commodity price risk

(All data as of Dec 31/21)	2022	2023	2024
Power			
% Sold forward ⁽¹⁾	72%	47%	32%
Contracted power prices ⁽²⁾ (\$/MWh)	High-\$60s	Low-\$60s	High-\$50s
Forward power prices (\$/MWh)	\$94	\$72	\$61
Natural gas			
% Bought forward ⁽³⁾	100%	99%	85%
Weighted avg cost of gas contracts ⁽²⁾ (\$/GJ)	\$2.00-\$2.50	\$2.00-\$2.50	\$2.00-\$2.50
Forward gas prices (\$/GJ)	\$3.44	\$3.05	\$2.88

Alberta power market

- Demand fully recovered from COVID-19 and low oil prices
- All-time summer and winter record demand set in 2021
- Demand expected to increase modestly year-over-year
- Robust market; average price of \$102/MWh in 2021

Managing risk through long-term power and natural gas contracts

1) Based on the Alberta baseload plants, including Joffre and Shepard

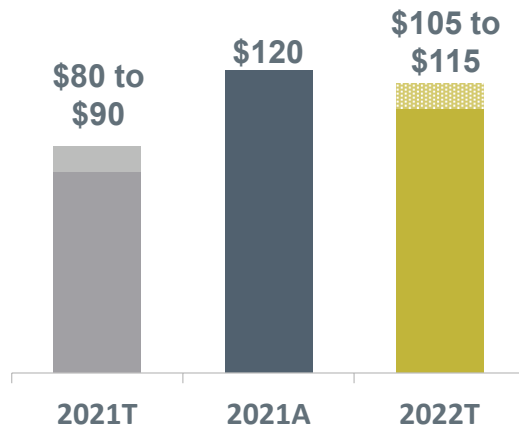
2) Forecasted average contracted prices may differ significantly from future average realized prices as future realized prices are driven by a combination of previously contracted prices and settled prices. When long-term forward portfolio optimization hedges are transacted, they reflect the market's expectations for future period pricing.

3) Includes gas burn for all baseload plants, and estimated gas requirements to supply fixed retail contracts

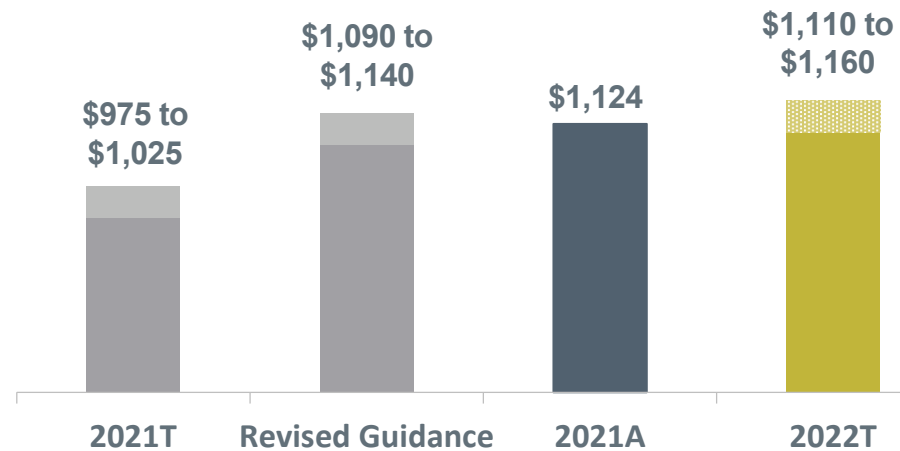


2022 targets – guidance reaffirmed

Sustaining capex (\$M)



Adjusted EBITDA (\$M)



2022 sensitivities

Inflationary pressure

- Modest unmitigated exposure on operating results
- Managing construction exposure

Interest rate uncertainty

- Fixed-rate debt
- Hedges in place for medium-term financings

Capex

- Significant planned outage year with both Genesee 1 and 3

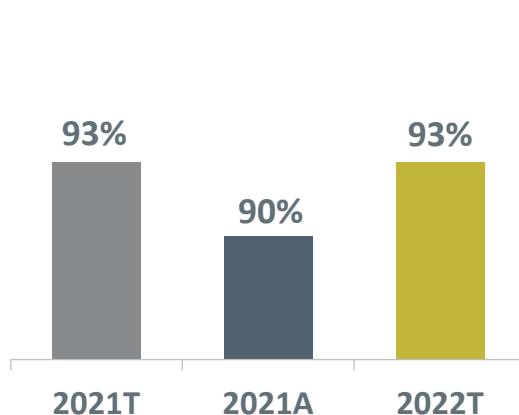
Current taxes

Internally generated cash flow

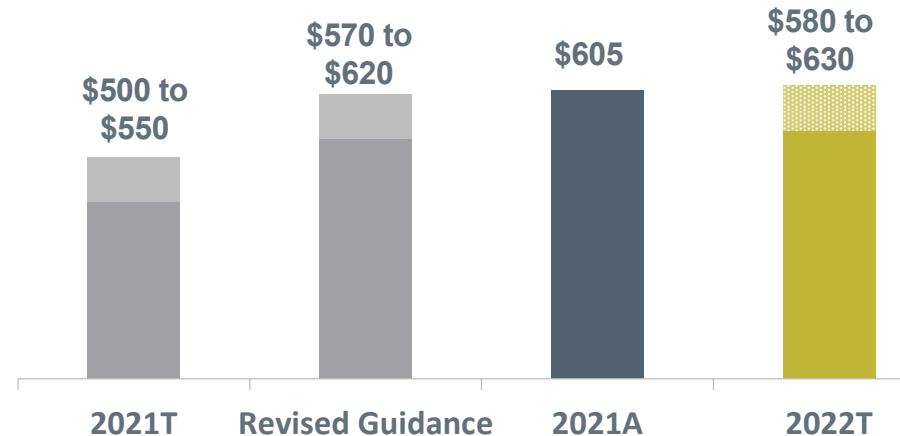
- Strong Alberta price outlook

\$500M target of committed capital for growth

Facility availability



AFFO (\$M)



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 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:

- our priorities and long term-strategies, including our corporate, sustainability, renewables and digitalization strategies;
- our company-wide targets specific to climate-related performance, including reduction of emissions and emissions intensity and being net carbon neutral by 2050, repowering of Genesee 1 and 2 with addition of battery storage and conversion of Genesee 3, completion of the Genesee Carbon Conversion Centre and commercial application of carbon conversion, capture and storage technologies;
- the implementation of Ops 2030, our Road to Decarbonization and our road map to 2050 and the expected reduction in carbon from our operations;
- our efforts to create a more equitable workplace and our goals for diversity of our workforce;
- our goals for long-term Total Shareholder Return, annual capital growth and future dividend growth;
- our 2022 performance targets, including for facility availability, sustaining capital expenditures, AFFO and adjusted EBITDA;
- our plans to add renewables generation to our fleet;
- expectations around timing and costs associated with our upgrades, projects and repowering plans at our Genesee facility, including being off coal in 2023;
- future revenues, expenses, earnings, adjusted EBITDA and AFFO;
- the future pricing of electricity and market fundamentals in existing and target markets;
- future dividend growth;
- our future cash requirements including interest and principal repayments, capital expenditures, dividends and distributions;
- our sources of funding, adequacy and availability of committed bank credit facilities and future borrowings;
- future growth and emerging opportunities in our target markets including the focus on certain technologies;
- the timing, funding, costs of and financial impacts (including impacts to adjusted EBITDA and AFFO) related to existing, planned and potential development projects and acquisitions (including the acquisition of portfolio of solar development sites, phase 2 of Halkirk Wind, the repowering of Genesee 1 and 2 (including being hydrogen ready and battery storage), phases 2 and 3 of Whitla Wind, Strathmore Solar, Bear Branch Solar, Hornet Solar, Hunter's Cove Solar and Enchant Solar;
- impacts of the Arlington Valley tolling agreement extension on adjusted EBITDA and AFFO in the years the executed agreement becomes effective;
- facility availability and planned outages;
- capital expenditures for facility maintenance and other (sustaining capital, future growth projects, commercial initiatives);
- discussion of our risks and strategies and plans for risk management and mitigation;
- the impacts of market designs in our core markets;
- the resolution of the pricing dispute on the Buckthorn Wind offtake and commodity swaps;
- matters related to the LLR Proceeding recovery of invoices from appropriate parties and potential impacts to the Company arising from the foregoing; and
- the impact of climate change and the COVID-19 pandemic.

These statements are based on certain assumptions and analyses made by the Company considering its experience and perception of historical and future 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, other energy 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;
- the development and performance of technology;
- foreign exchange rates;
- matters relating to the LLR Proceeding, including the recovery and timing thereof from appropriate parties; and
- other matters discussed under the Our Strategy section pertaining to Performance Targets for 2022.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to several 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, natural gas and carbon prices in markets in which the Company operates and the use of derivatives;
- regulatory and political environments including changes to environmental, climate, financial reporting, market structure and tax legislation;
- disruptions, or price volatility within the Company's supply chains;
- 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 the availability of fuel;
- ability to realize the anticipated benefits of acquisitions;
- limitations inherent in the Company's review of acquired assets;
- changes in general economic and competitive conditions;
- changes in the performance and cost of technologies and the development of new technologies, new energy efficient products, services and programs; and
- risks and uncertainties discussed under the Risks and Risk Management section.

See Risks and Risk Management in the Company's 2021 Integrated Annual Report 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 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.



Questions?

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