

Q1/22 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 10 of this presentation and in the Company's first quarter 2022 Management's Discussion and Analysis (MD&A) prepared as of April 29, 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](https://www.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), and (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 Management's Discussion and Analysis prepared as of April 29, 2022 for the first quarter of 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.



Delivering on strategic objectives



- ✓ Completed **Strathmore Solar** project
- ✓ 25-year PPA with TELUS



- ✓ Executed 10-year Renewable Energy Agreement with MEGlobal for balance of **Whitla Wind** facility
- ✓ Higher-than-expected generation in first 4 months of operations



- ✓ BC Hydro contract renewal for **Island Generation** is nearing completion
- ✓ Aggressively intervening in BCUC IRP process based on expectation that Island Generation is needed beyond 4.5 years

Significant progress on Genesee CCS Project

Increasing policy certainty to proceed



Alberta CCUS hub

- ✓ Government of Alberta selected Enbridge's "Open Access Wabamun Carbon Hub"
- ✓ Completed pre-FEED study
- ✓ FEED study activities proceeding
- Genesee CCS Project expected to capture up to 3 million tonnes of CO₂ annually
- FID expected by mid-2023



CCS financial support

- \$1.8 - \$2.0B project cost
- ✓ 2022 Federal Budget proposed refundable CCUS investment tax credits (ITC)
- 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
- "2030 Emissions Reduction Plan" noted Federal Government intention to explore measures to provide greater certainty regarding carbon pricing to de-risk private sector investments



Positive growth outlook

- **Ontario thermal assets well-positioned**

- IESO Annual Acquisition Report identifies incremental capacity needs of 2,500 MW by 2027 and an additional 1,500 MW by 2030
- Creates significant opportunities for either expansion of existing assets or addition of batteries
- Assets well-positioned for recontracting in regions with significant needs

- **U.S. solar and storage pipeline**

- Continue to advance sites
- Expect to begin actively marketing more advanced facilities

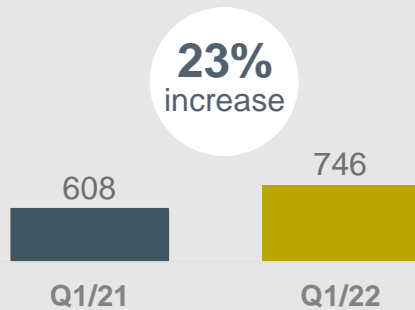
- **Increasing M&A activities**

- Seeing significant opportunities for both thermal and renewable assets



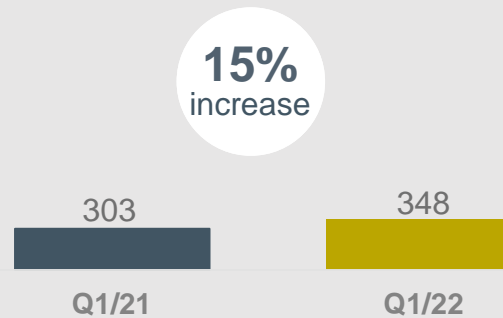
Strong Q1/22 company-wide financial performance

Revenues and other income* (\$M)

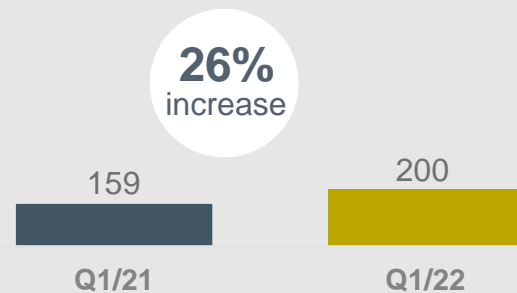


*Before unrealized changes in FV of commodity derivatives & emission credits

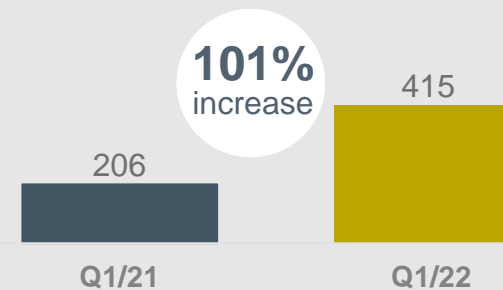
Adjusted EBITDA (\$M)



AFFO (\$M)



Net cash flows from operating activities (\$M)



- Higher generation from Genesee units & Clover Bar, and favourable Alberta commercial performance
- COD of additional phases of Whitla Wind
- 2.5x higher generation from Goreway
- Higher generation from U.S. renewables



- Lower adjusted EBITDA from U.S. contracted facilities
 - Buckthorn Wind – due to impacts from extreme weather event in Feb/21
 - Arlington Valley - lower HRCO margins, higher gas prices and maintenance costs

Double-digit % increases in all key financial metrics



Alberta portfolio optimization of commodity price risk

(All data as of Mar 31/22)	2023	2024	2025
Power			
% Sold forward ⁽¹⁾	58%	37%	24%
Contracted power prices ⁽²⁾ (\$/MWh)	Low-\$60s	High-\$50s	High-\$50s
Forward power prices (\$/MWh)	\$78	\$63	\$59
Natural gas			
% Bought forward ⁽³⁾	Over 90%	Over 90%	Over 50%
Weighted avg cost of gas contracts ⁽²⁾ (\$/GJ)	\$2.00-\$2.50	\$2.00-\$2.50	\$2.00-\$2.50
Forward Alberta gas prices (\$/GJ)	\$4.15	\$3.50	\$3.63

Alberta power market

- Average spot price of \$90/MWh in Q1/22 reflecting high availability of generation in the province, mild weather, and strong wind generation
- Realized power price of \$84/MWh in Q1/22 compared to \$77 in Q1/21

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.

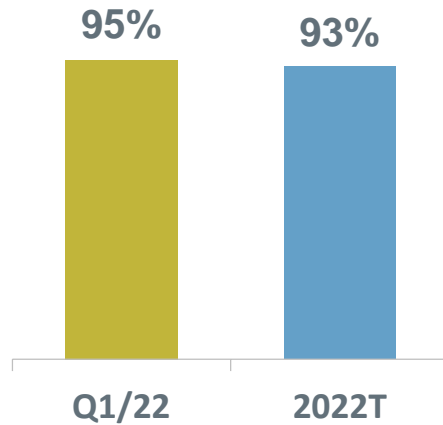
3) Includes gas burn for all baseload plants, and estimated gas requirements to supply fixed retail contracts.



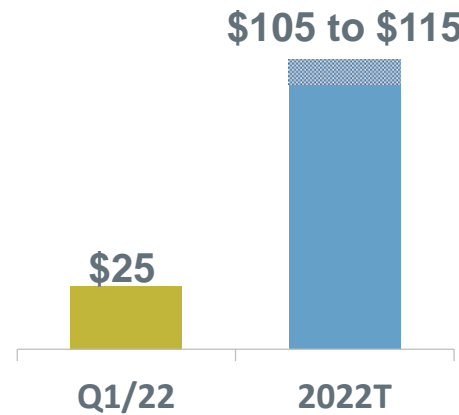
2022 targets

Financial results expected to meet or exceed upper ends of guidance range

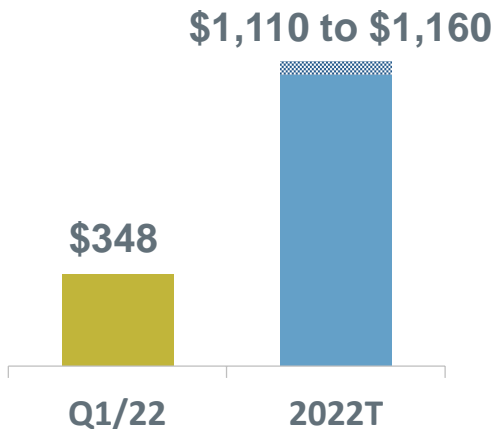
Facility availability



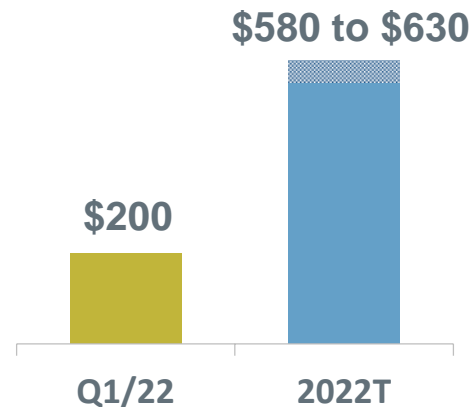
Sustaining capex (\$M)



Adjusted EBITDA (\$M)



AFFO (\$M)



- **Sustaining capex**
 - expected to be above target range due to increased work planned for remainder of the year and timing of work
- **Inflationary pressure**
- **Strong cash flow**
 - supports financing for growth capex and refinancing of preferred shares – affirmation of investment grade credit ratings
- **Full year guidance trending towards upper end of guidance ranges**
 - strong Q1 results and higher AB pricing outlook
- **Reiterating 5% dividend growth consistent with guidance**
- **\$500M target of committed capital for growth**



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 2022 performance targets and current period updates to our expectations, including for facility availability, sustaining capital expenditures, adjusted funds from operations (AFFO) and adjusted EBITDA;
- our company-wide targets specific to climate-related performance, including reduction of emissions and emissions intensity, repowering of Genesee 1 and Genesee 2 with the addition of battery storage and conversion of Genesee 3, completion of the Genesee Carbon Conversion Centre, commercial application of carbon conversion technologies and plans to be 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;
- 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;
- the timing of extending the Company's short-form base shelf prospectus;
- the timing of, funding of and costs of existing, planned and potential development projects and acquisitions (including Strathmore Solar, phase 2 of Halkirk Wind, the repowering of Genesee 1 and 2 (including being hydrogen ready and battery storage), Bear Branch Solar, Hornet Solar, Hunter's Cove Solar and Enchant Solar;
- facility availability and planned outages;
- capital expenditures for facility maintenance and other (sustaining capital, future growth projects, commercial initiatives);
- market and regulation designs and the impact thereof on the Company's core markets; and
- the impacts of climate change and the Russia-Ukraine conflict.

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 timing and recovery from appropriate parties; 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, 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, including inflation;
- 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 the Risks and Risk Management sections in the Company's 2021 Integrated Annual Report and in the Company's first quarter 2022 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.



Questions?

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