Green Bond Report

August 2023

Capital Power

Introduction

In August 2022, Capital Power Corporation (“Capital Power” or “the Company”) (TSX: CPX) released its inaugural Green Financing Framework (“the Framework”) and successfully priced its first green hybrid offering. The Company has allocated the capital from this offering towards transformative clean energy projects that support our sustainability targets and accelerate our efforts to decarbonize power generation as we work towards net zero 2045.

The Framework, which aligns with the components of the Green Bond Principles 2021 and Green Loan Principles 2021, Capital Power committed to publicly report on the use of Green Financing proceeds. This Green Bond Report outlines the allocation of Green Financing proceeds by eligible category and demonstrates positive environmental impacts from renewable energy projects.

As of August 2023, we have fully allocated the proceeds of our 2022 green bond offerings to projects, which meet the eligible green criteria outlined in the Framework.

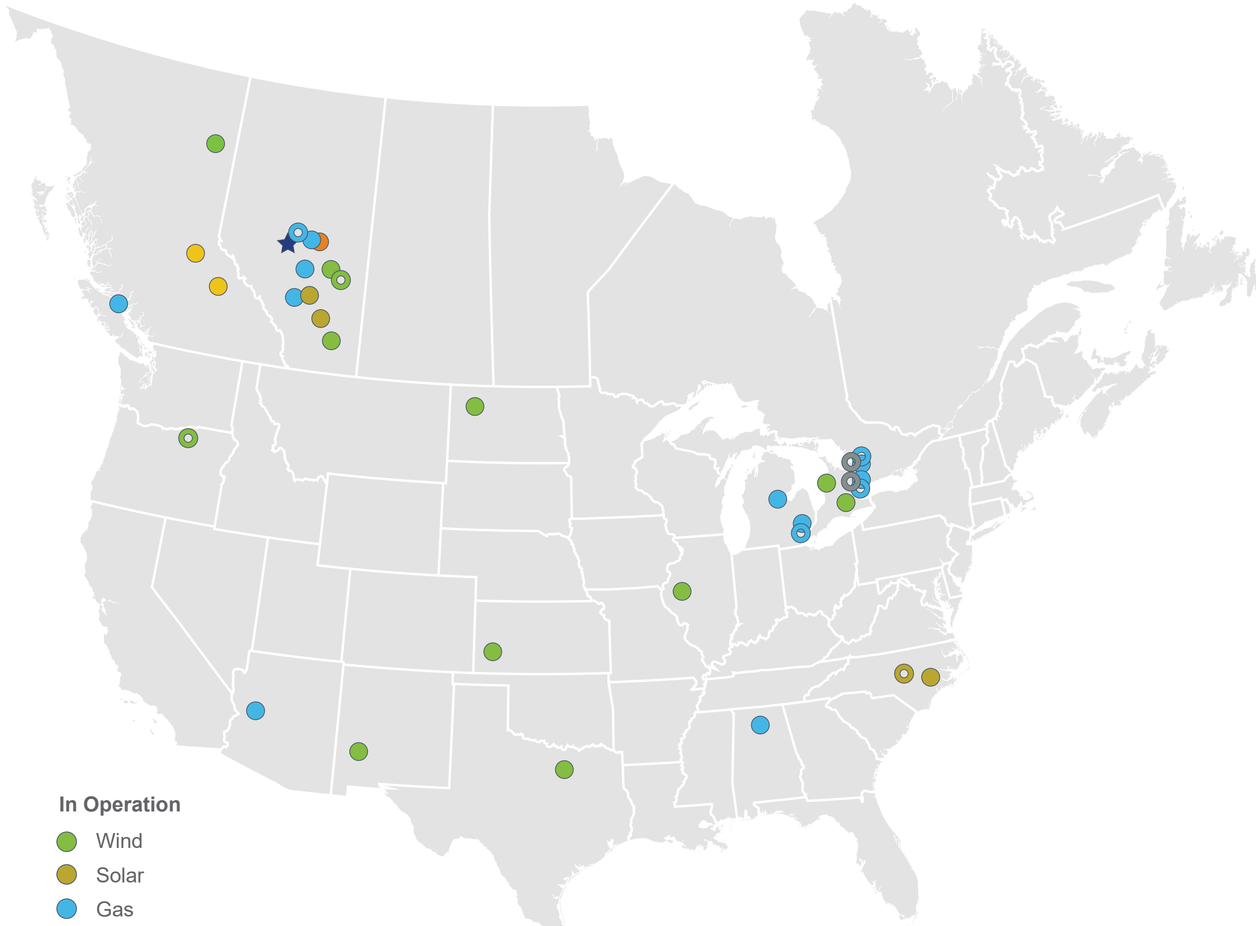
Company Overview

Capital Power is a growth-oriented North American wholesale power producer, with a corporate purpose to power a sustainable future for people and planet. We build, own, operate and optimize high-quality, utility-scale generation facilities across North America, including wind, solar, waste heat, storage and thermal. Currently, we own approximately 7,500 megawatts ("MW") of power generation capacity at 29 facilities.

We have accelerated and enhanced our key sustainability target to net zero by 2045, a reflection of our commitment to decarbonization. As we accelerate growth across our core technologies, we are acting today to build the net zero energy system for tomorrow. To support our ambition, and upon recognizing that limiting global warming will require a transformation of the energy system, Capital Power has committed to being an industry leader in the transition to a net zero future.

To achieve our targets, we are transitioning off coal, increasing growth in renewable projects and making strategic investments to abate the emissions from our natural gas assets. Natural gas will play an important role in the energy transition, paired with carbon abatement solutions.

We will reach our sustainability targets through purposeful investment in our people, evolution of our core technologies, and collaboration with stakeholders to decarbonize our fleet.



In Operation

- Wind
- Solar
- Gas
- Gas / Coal*
- Waste Heat
- Landfill Gas
- Battery Storage

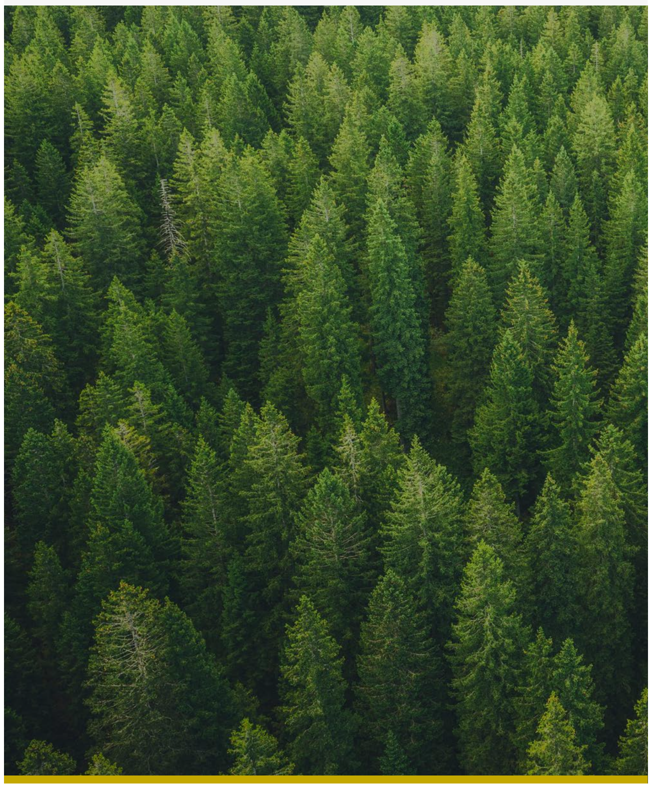
Development and Construction

**Genesee 1, 2, 3 shown as one facility*

The Company's power generation operations and assets are owned by Capital Power L.P. ("CPLP"), Capital Power L.P. Holdings Inc.and Capital Power ("US Holdings") Inc., all wholly owned subsidiaries of the Company. In this report, any reference to the Company or Capital Power, except where otherwise noted or the context otherwise indicates, means Capital Power Corporation together with its subsidiaries.

Pathway to net zero 2045

Capital Power's strategy focuses on the development and operation of our core technologies: wind, solar, natural gas and storage. Our pathway to net zero 2045 also includes the advancement of decarbonization technologies such as carbon capture and storage (CCS), hydrogen and direct air capture (DAC).



Today–2024

- Complete Genesee repowering and off-coal
- Complete Genesee CCS FEED study and commence construction
- Invest in renewables paired with storage
- Invest in strategic natural gas
- Explore DAC solutions
- Advance C2CNT research and development

2024–2030

- Complete Genesee CCS project
- Advance carbon mitigation on key natural gas assets
- Pilot DAC solutions and add to carbon compliance portfolio
- Explore alternative clean generation solutions
- Explore CCU opportunities

2030–2045

- Invest in clean generation solutions
- Advance physical decarbonization on natural gas fleet
- Advance negative abatement solutions
- Invest in strategic CCU opportunities

2045–2070

- Net zero generation
- Physical decarbonization
- Negative abatement

Independent Auditor's Report

KPMG

INDEPENDENT AUDITOR'S REPORT

To the Management of Capital Power Corporation

Opinion

We have audited the Allocation of Green Bond Proceeds Schedule of Capital Power Corporation (the Entity) for the period from September 9, 2019 to December 31, 2022, and notes to the report, including a summary of significant accounting policies (Hereinafter referred to as the "schedule").

In our opinion, the accompanying schedule for the period from September 9, 2019 to December 31, 2022 of the Entity is prepared, in all material respects, in accordance with the financial reporting provisions of the Capital Power Corporation Green Financing Framework dated August 15, 2022 (the "Green Financing Framework").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Schedule***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to footnote 1 in the schedule, which describes the basis of accounting. The schedule was prepared to assist the Entity in disclosing its use of proceeds allocation activities related to the Green Bond.

As a result, the schedule may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the schedule in accordance with the financial reporting provisions of the Green Financing Framework, and for such internal control as management determines is necessary to enable the preparation of a schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Independent Auditor's Report Continued

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the schedule.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

The engagement partner on the audit resulting in this auditor's report is Robert Borrelli.

Chartered Professional Accountants

Edmonton, Canada

August 16, 2023

Eligibility Criteria

Capital Power allocated an amount equal to the net proceeds from the Green Financing to finance or re-finance, in part or in full, new and/or existing green investments and expenditures that meet the Eligibility Criteria defined below (“Eligible Investments”).

Eligible Investments may include investments and expenditures made by Capital Power up to 36 months prior to each Green Financing issuance and up to 36 months following each Green Financing.

Eligibility Criteria & UN SDG Alignment

Renewable Energy	**Solar Energy:** Investments or expenditures associated with the development, construction, acquisition, operation, maintenance, refurbishment, and/or repowering of solar PV energy. **Wind Energy:** Investments or expenditures associated with the development, construction, acquisition, operation, maintenance, refurbishment, and/or repowering of wind energy. **Energy Storage:** Investments or expenditures associated with the development, construction, acquisition, operation, and maintenance of renewable battery energy storage projects.

Sustainable Development Goals (SDGs)

Allocation of Green Bond Proceeds Schedule[1]

In CAD$ millions	
7.95% Fixed-to-Fixed Rate Subordinated Notes, Series 1, due September 9, 2082[2]	346
Net Proceeds Available to Allocate	346
Allocation:	
Whitla Wind	184
Cardinal Point Wind	52
Buckthorn Wind	84
Strathmore Solar	26
Allocated Net Proceeds	346
Unallocated Net Proceeds	-

[1] The Allocation of Green Bond Proceeds Schedule was prepared to track on an accrual basis the allocation of proceeds to the Eligible Investments that were approved under the Green Financing Framework.

[2] Issued by Capital Power Corporation on September 9, 2022

Renewable Operations

At all our operations, including our wind and solar sites, we give back to where we live and work by supporting local organizations and our employees' community participation through our corporate giving programs.

Our permanent presence in the communities where we operate contributes significantly to the local economy. Our wind facilities employ one permanent employee and several contractors. We create a new and steady stream of municipal tax revenue, annual lease revenues to landowners, and economic offshoots for local businesses.

At our wind facilities, we are taking important steps to protect bats and migratory birds and curtail turbine operations during higher risk periods (e.g. bat migration) at specific sites.

At our Strathmore Solar site, we host 400-600 sheep from Whispering Cedars Ranch – helping us to sustainably manage the land on site to reduce fire hazards and keep the facility well maintained. The mutually beneficial opportunity maximizes the utility of the solar site by offering local farmers additional land for their animals to graze, grow and thrive.

Wind Allocation

Whitla Wind

Whitla Wind is the largest wind facility in Alberta. Located in the County of Forty Mile, the Whitla Wind facility was completed in December 2021, when the Phases 2 and 3 expansions achieved commercial operations (Phase 1 began commercial operations in December 2019).

Renewable energy production (MWh)

1,400,000

(2022 generation)

Installed capacity

353 MW

Cardinal Point Wind

Cardinal Point Wind is located on 20,000 acres of privately-owned lands in McDonough and Warren Counties, Illinois. The facility began commercial operations in March 2020.

Renewable energy production (MWh)

619,000

(2022 generation)

Installed capacity

150MW

Buckthorn Wind

Buckthorn Wind is located approximately 60 miles south of Dallas in Erath County, Texas. The facility began commercial operations in January 2018, and was acquired by Capital Power in April 2020.

Renewable energy production (MWh)

350,000

(2022 generation)

Installed capacity

101MW

Capital Power

Solar Allocation

Strathmore Solar

Strathmore Solar is Capital Power's first Canadian solar project and is located on 320 acres of leased industrial land owned by the Town of Strathmore in Alberta. The facility began commercial operations in March 2022.

Renewable energy production (MWh)

65,000

(2022 generation)

Installed capacity

41 MW

Appendix

A transparent path to net zero by 2045

We're committed to sharing transparent, accurate and detailed reports to disclose our financial and sustainability performance as we power a sustainable future for people and planet.

To learn more about our sustainability priorities, view our:

- Green Financing Framework
- Green Financing Framework – Second Party Opinion
- Integrated Annual Report

Capital Power Corporate Headquarters

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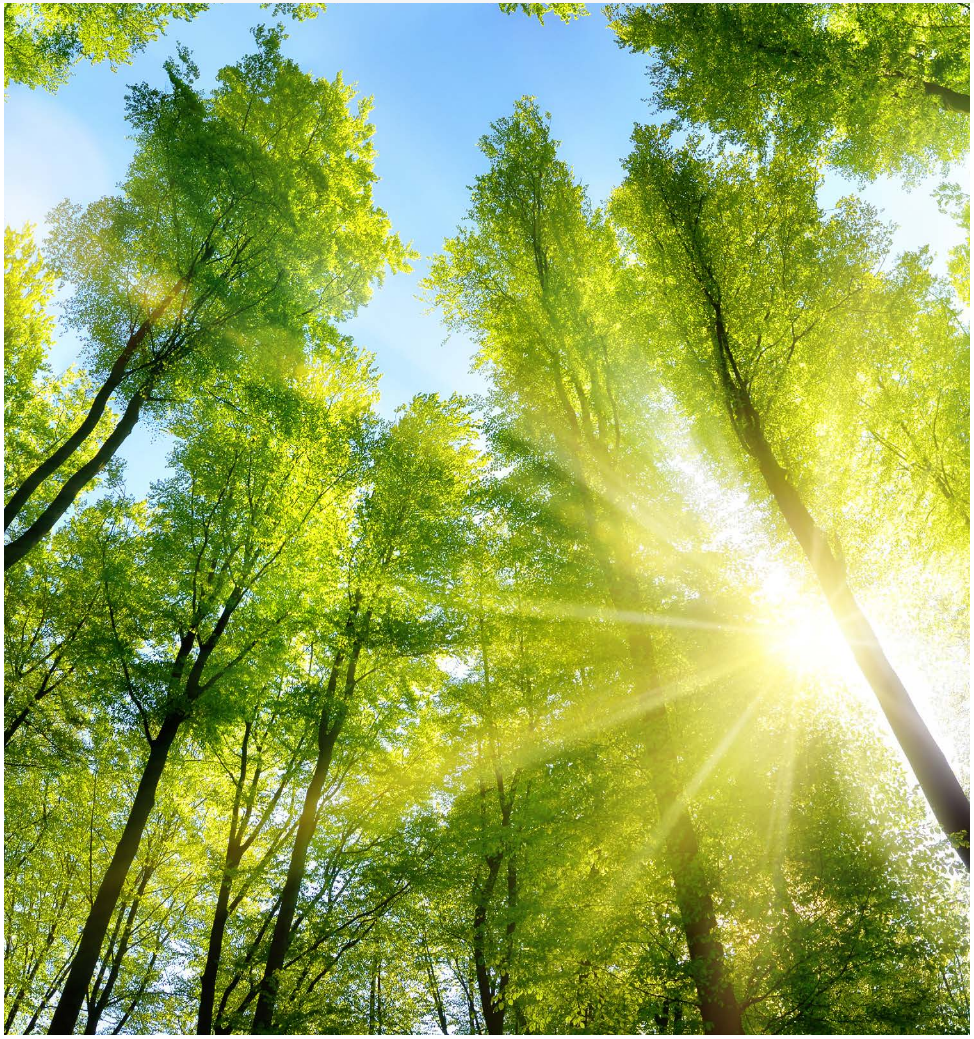

Disclaimer

This document may contain forward-looking statements within the meaning of applicable securities laws. Such statements reflect Capital Power's current beliefs and are based on information currently available to us. These statements are not guarantees and are based on estimates and assumptions that are subject to risks and uncertainties. By their very nature, forward-looking statements require Capital Power to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. There is significant risk that the Capital Power's predictions, forecasts, conclusions or projections will not prove to be accurate, that the Capital Power's assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, conclusions or projections. Accordingly, you should not place undue reliance on forward-looking statements. All forward-looking statements herein are qualified by the foregoing cautionary statements. The forward-looking statements are made only as of the date of this document and Capital Power assumes no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances, except as otherwise required by applicable securities laws.