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**For immediate release**

**December 5, 2013**

**Capital Power announces joint venture for Genesee 4 & 5,  
commercial operations at Port Dover & Nanticoke wind facility  
and capital cost reduction at Shepard Energy Centre**  
*Company also reviews outlook for 2014*

**EDMONTON, Alberta – December 5, 2013** – At its annual Investor Day conference in Toronto today, Capital Power Corporation (TSX: CPX) (“Capital Power” or “the Company”) announced a number of positive corporate developments. The Company also provided financial and other targets for 2014.

**Development agreement with ENMAX Corporation (ENMAX) for Genesee 4 & 5**

Capital Power and ENMAX have executed a Letter of Intent to pursue joint venture agreements to develop, construct, own and operate the Genesee 4 & 5 facility. Agreements are expected to be completed in the first quarter of 2014.

The proposed Genesee 4 & 5 will be a natural gas-fired combined cycle generation facility that will be built on a site near Capital Power’s Genesee facility west of Edmonton, Alberta. Genesee 4 & 5 will be utilizing the latest state-of-the-art high efficiency gas turbine technology and will have a generation capacity of up to 1,050 megawatts.

Capital Power will lead the construction of the project and will be the operator of the facility. Construction of the project is expected to be completed between 2018 and 2020 when additional generation is required to meet growing demand and to replace generation from the retirement of coal-fired units in the province.

“I’m excited about the prospect to have ENMAX as our partner in the Genesee 4 & 5 facility in Alberta,” said Brian Vaasjo, President and CEO of Capital Power. “This agreement builds on a similar partnership that we have on the Shepard Energy Centre and reinforces our leadership position in the attractive Alberta market.”

**Port Dover & Nanticoke wind facility begins commercial operations**

On November 7, 2013, the Port Dover & Nanticoke wind project in Ontario began commercial operations. The 105-megawatt wind facility was completed on time and under its \$340 million budget, with final construction costs expected to be approximately \$315 million. The Port Dover & Nanticoke wind project was awarded a 20-year power purchase agreement in April 2010 with the Ontario Power Authority (OPA), as part of the OPA’s Feed-in-Tariff (FIT) program. The contracted price for power at commercial operations is \$144 per megawatt hour and thereafter, 20 per cent of the contract price will escalate annually at inflation throughout the 20-year term.

“We are excited to add another successful wind construction project to our track record,” said Mr. Vaasjo. “Completing the project under budget is a testament to our strong development and construction teams, whose expertise represents a real competitive advantage for Capital Power.”

### **Shepard Energy Centre project on schedule and below budget**

Capital Power, along with its joint venture partner ENMAX, also announced that construction of the 800 megawatt Shepard Energy Centre is on schedule and below budget. Shepard is a natural gas combined cycle facility located on the southeast edge of Calgary, Alberta, with commercial operations targeted for early 2015. The construction project is expected to be completed below budget with Capital Power’s portion reduced to approximately \$821 million from its original \$860 million budget.

“The Shepard Energy Centre represents a significant part of Capital Power’s expansion plans in Alberta including a unique opportunity for a contracted investment in the province,” added Mr. Vaasjo. “And, with the reduction in capital costs, our long-term returns are expected to exceed our original expectations.”

### **Outlook for 2014**

At its Investor Day, the Company will review its corporate priorities and financial targets for 2014 including:

- Operational targets of 95% capacity-weighted average plant availability, reflecting planned turnarounds at the Genesee 2 and Genesee 3 facilities, plant maintenance capital and other capital expenditures of up to \$85 million, and plant operating and maintenance expenses of \$165 million to \$185 million.
- On-time, on-budget and safe construction of current development projects, including:
  - commissioning of the Shepard Energy Centre in early 2015;
  - continue with permitting process for Genesee 4 & 5 with approval targeted in the first quarter, 2015; and
  - commence construction and completion of project financing for the K2 Wind project.
- 2014 financial target based on an average Alberta spot price of \$57 per megawatt hour:
  - Funds from operations of \$360 to \$400 million.

### **Investor Day event information**

Capital Power’s Investor Day event is being held today at the St. Andrew’s Club and Conference Centre (150 King Street West, 16<sup>th</sup> floor). Registration starts at 8:00 a.m. followed by executive presentations beginning at 8:30 a.m. A live audio webcast of the event is available on the Company’s website at [www.capitalpower.com](http://www.capitalpower.com). The presentation slides and webcast will be archived and accessible for replay.

### **About Capital Power Corporation**

Capital Power (TSX: CPX) is a growth-oriented North American power producer headquartered in Edmonton, Alberta. The company develops, acquires, operates and optimizes power generation from a variety of energy sources. Capital Power owns more than 2,600 megawatts of power generation capacity at 14 facilities across North America and owns 371 megawatts of capacity through a power purchase agreement. An additional 490 megawatts of owned generation capacity is under construction or in advanced development in Alberta and Ontario.

### **Non-GAAP Financial Measures**

The Company uses (i) Adjusted EBITDA, (ii) funds from operations, and (iii) discretionary cash flow as financial performance measures. These terms are not defined financial measures according to generally accepted accounting principles (GAAP) and do not have standardized meaning prescribed

by GAAP and are therefore, 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**

Certain information in this news release is forward-looking within the meaning of Canadian securities laws as it relates to anticipated financial and operating performance, events or strategies. The forward-looking information or statements 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 news release 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, among other things, information relating to: (i) expectations regarding the finalization of agreements with ENMAX in respect of Genesee 4 & 5 and the timing and provisions thereof; (ii) expectations regarding the timing of, funding of, permitting of, costs for, capacity of and technology selected for existing and planned development projects, completed development projects, and acquisitions; (iii) expectations regarding plant availability and planned outages; (iv) expectations regarding future Alberta power prices; (v) expectations regarding Capital Power's sources of funding and the financing of existing and planned development projects; and (vi) expectations regarding future plant maintenance capital and other capital expenditures, operating and maintenance expenses and funds from operations.

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 and 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.

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: (i) changes in electricity prices in markets in which the Company operates, (ii) changes in commodity prices in markets in which the Company operates and use of derivatives, (iii) regulatory and political environments including changes to environmental, financial reporting and tax legislation, (iv) power plant availability and performance including maintenance expenditures, (v) ability to fund current and future capital and working capital needs, (vi) acquisitions and developments including timing and costs of regulatory approvals and construction, (vii) changes in market prices and availability of fuel, and (viii) changes in general economic and competitive conditions. See Risks and Risk Management in the Company's December 31, 2012 annual Management's Discussion and Analysis for further discussion of these and other risks.

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