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For immediate release

Capital Power announces second quarter 2024 results

Genesee Generating Station achieves significant milestone of being off coal

EDMONTON, Alberta – July 31, 2024 – Capital Power Corporation (TSX: CPX) today released financial results for the quarter ended June 30, 2024.

Financial highlights

- Generated adjusted funds from operations (AFFO) of $178 million and net cash flows from operating activities of $136 million
- Generated adjusted EBITDA of $323 million and a net income of $76 million
- Successfully completed the first Canadian 30-year hybrid financing for $450 million
- Increased annual common share dividend by 6% to $2.61 per year

Strategic highlights

- Marking our milestone of being 100% off coal, Genesee Repowering achieved commercial operations for simple cycle for Unit 1 and Unit 2, and retired the legacy unit 2
- Continued integration of newly acquired assets at La Paloma, Harquahala and Frederickson driving the U.S. facilities to ~43% of Q2 adjusted EBITDA and ~25% revenues and other income
- Welcomed two new board members following one retirement
- Entered into 25-year power purchase agreements (PPAs) for Hornet and Bear Branch solar projects in the U.S.

"Our Genesee Repowering project achieved simple cycle commercial operation for Unit 2 during the second quarter of 2024, marking Capital Power and Alberta's transition off coal more than five years ahead of the government mandate. This monumental achievement represents the single largest decarbonization event in Alberta's history and enhances our competitive positioning by increasing our capacity and efficiency," said Avik Dey, President and CEO of Capital Power. "We are proud of the progress made on our Battery Energy Storage System (BESS) projects, which are advancing on time and under budget, with construction expected to begin in the third quarter. Meanwhile, our U.S. business continues to perform well underscoring our ability to acquire and integrate assets. Across our portfolio we are advancing our strategic areas of focus and positioning our business to succeed now and in the long-term," stated Mr. Dey.

"The second quarter results demonstrated the success of our geographic diversification strategy, with approximately 43% of our adjusted EBITDA coming from our U.S. facilities, a significant increase relative to approximately 26% seen in the second quarter of 2023," said Sandra Haskins, SVP Finance and CFO of Capital Power. "In particular, we saw strong contributions from the newly acquired assets in California, Arizona and Washington. While financial results were in line with expectations for the quarter, we've revised our annual adjusted EBITDA guidance range to $1,310 million to $1,410 million driven by lower Alberta power prices and outages at Genesee during the first half of the year. AFFO is expected to be at the midpoint of the original guidance range." Ms. Haskins added,"from a funding perspective, Capital Power successfully closed the first Canadian 30-year Hybrid bond for total proceeds of $450 million. This transaction demonstrates our disciplined approach to balance sheet optimization and continued ability to access capital to fund our growth and diversification efforts."

Operational and Financial Highlights[1]

($ millions, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Electricity generation (Gigawatt hours)	8,603	7,857	17,412	15,274
Generation facility availability	91%	95%	92%	94%
Revenues and other income	774	881	1,893	2,148
Adjusted EBITDA [2]	323	327	602	728
Net income [3]	76	85	281	370
Net income attributable to shareholders of the Company	75	87	280	373
Basic earnings per share ($)	0.51	0.68	2.06	3.06
Diluted earnings per share ($)	0.51	0.67	2.06	3.05
Net cash flows from operating activities	136	11	470	360
Adjusted funds from operations [2]	178	151	320	361
Adjusted funds from operations per share ($) [2]	1.37	1.29	2.53	3.09
Purchase of property, plant and equipment and other assets, net	226	131	444	217
Dividends per common share, declared ($)	0.6150	0.5800	1.2300	1.1600

[1] The operational and financial highlights in this press release should be read in conjunction with the Management's Discussion and Analysis and the unaudited condensed interim financial statements for the six months ended June 30, 2024.

[2] Earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense and depreciation expense from joint venture interests, gains or losses on disposals and unrealized changes in fair value of commodity derivatives and emissions credits and other items that are not reflective of the long-term performance of the Company's underlying business (adjusted EBITDA) and AFFO are used as non-GAAP financial measures by the Company. The Company also uses AFFO per share which is a non-GAAP ratio. These measures and ratios do not have standardized meanings under GAAP and are, therefore, unlikely to be comparable to similar measures used by other enterprises. See Non-GAAP Financial Measures and Ratios.

[3] Includes depreciation and amortization for the three months ended June 30, 2024 and 2023 of $120 million and $143 million, respectively, and for the six months ended June 30, 2024 and 2023 of $242 million and $284 million, respectively. Forecasted depreciation and amortization for the remainder of 2024 is $122 million and $130 million for the third and fourth quarters, respectively.

Significant Events

Executes 25-year contracts for Hornet Solar and Bear Branch Solar projects in North Carolina

In June 2024, the Company successfully executed 25-year PPAs with Duke Energy Carolinas for the Hornet Solar and Bear Branch Solar projects located in North Carolina totalling 105 MW. Construction of the solar projects is expected to begin in the second half of 2024 with targeted commercial operations expected in the second half of 2026.

Genesee Generating Station is off coal

On June 18, 2024, the Company reached a significant milestone for the Genesee Repowering project with the announcement that the Genesee Generating Station is off coal and now 100% natural gas-fueled, resulting in the facility being off coal more than 5 years ahead of the Alberta government mandate.

As part of the Genesee Repowering project, the facility completed simple cycle commissioning for Units 1 and 2 on May 3 and June 28, respectively, and Unit 3 has transitioned fully to natural gas. The project continues to progress with combined cycle completion expected in Q4 2024, which will result in 512 MW of additional net high efficiency, low heat rate capacity from the site. Both units are expected to reach 566 MWs in the first half of 2025.

During the commissioning phase, unit dispatch is driven by project needs rather than economic dispatch; therefore, output during simple cycle commissioning ranged between 0 and 411 MWs, and output during combined cycle commissioning will range between 0 and 466 MWs. Due to incremental costs related to outages required for tie in and ongoing productivity challenges, the project is expected to come in at the updated cost of $1.55 to $1.65 billion.

$450 million Subordinated Notes offering

On June 5, 2024, the Company closed a public offering of Fixed-to-Fixed Subordinated Notes, Series 2, in the aggregate principal amount of $450 million (the Notes). The Notes have a fixed interest rate of 8.125% and mature on June 5, 2054.

The Company used the net proceeds from the sale of the Notes to repay certain amounts drawn on the Company's credit facilities (which include amounts drawn for the acquisition of a 50% interest in New Harquahala Generating Company, LLC, and a 100% interest in CXA La Paloma, LLC, and related expenses, development purposes and in respect of ongoing operations), to redeem all of the Company's outstanding Cumulative Minimum Rate Reset Preferred Shares, Series 11 (TSX: CPX.PR.K), and for general corporate purposes.

Redemption of Preferred Shares, Series 11

On May 15, 2024, the Company announced its intention to redeem all of its 6 million issued and outstanding 5.75% cumulative rate reset preference shares, Series 11 on June 30, 2024 (Redemption Date) at a price of $25.00 per share (Redemption Price) for an aggregate total of $150 million, less any tax required to be deducted and withheld by the Company. As June 30, 2024 was not a business day payment of the Redemption Price for the share redemption occurred on July 2, 2024.

Board of Director changes

On May 15, 2024, the Company announced the appointment of Neil H. Smith and George Williams to the Company's Board of Directors effective May 15, 2024. The appointments follow Doyle Beneby's retirement, after serving the full 12 year term limit as a member of the Board of Directors. With these appointments and retirement, Capital Power's Board of Directors consists of 11 directors, with 40% of the independent directors being women, and 30% of the independent directors representing diverse groups beyond gender.

Discontinuation of $2.4 billion Genesee CCS project

Capital Power is discontinuing pursuit of the Genesee CCS project. Through our development of the project, we have confirmed that CCS is a technically viable technology and potential pathway to decarbonization for thermal generation facilities including Genesee. However, at this time, the project is not economically feasible and as a result we will be turning our time, attention, and resources to other opportunities to serve our customers with balanced energy solutions. As part of our discontinuation of the project, Capital Power will incur a pre-tax cost of $18 million, related to termination of sequestration hub evaluation work. Capital Power looks forward to exploring CCS at Genesee and certain assets in our North American fleet in the future as economics improve.

When our Genesee Repowering project is completed, the units are expected to achieve industry-leading greenhouse gas emission reductions of 3.4 million tonnes annually. Capital Power is on track to meet its Scope 1 absolute emissions target at Genesee by 2030. However, our current projections show we will exceed our corporate emission intensity and absolute emission targets for 2030 due to a combination of higher anticipated utilization of our fleet, the discontinuation of the Genesee CCS project and growth in accordance with our strategy. As a result of the foregoing, we are currently assessing our overall emissions targets as well as our pathway to net zero.

Subsequent Event

Dividend increase

On July 30, 2024, the Company's Board of Directors approved an increase of 6% in the annual dividend for holders of its common shares, from $2.46 per common share to $2.61 per common share. This increased common share dividend will commence with the third quarter 2024 quarterly dividend payment on October 31, 2024 to shareholders of record at the close of business on September 30, 2024.

Analyst conference call and webcast

Capital Power will be hosting a conference call and live webcast with analysts on July 31, 2024 at 9:00 am (MT) to discuss the second quarter financial results. The webcast can be accessed at: https://edge.media-server.com/mmc/p/37jo9x7j/.

Conference call details will be sent directly to analysts.

An archive of the webcast will be available on the Company's website at www.capitalpower.com following the conclusion of the analyst conference call.

Non-GAAP Financial Measures and Ratios

Capital Power 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 our joint venture interests, gains or losses on disposals and unrealized changes in fair value of commodity derivatives and emission credits (adjusted EBITDA), and (ii) AFFO as financial performance measures.

Capital Power also uses AFFO per share as a performance measure. This measure is a non-GAAP ratio determined by applying AFFO 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 Capital Power, 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 our results of operations from management's perspective.

Adjusted EBITDA

Capital Power uses adjusted EBITDA to measure the operating performance of facilities and categories of facilities from period to period. Management believes that a measure of facility operating performance is more meaningful if results not related to facility operations are excluded from the adjusted EBITDA measure such as impairments, foreign exchange gains or losses, gains or losses on disposals and other transactions, unrealized changes in fair value of commodity derivatives and emission credits and other items that are not reflective of the long-term performance of the Company's underlying business.

A reconciliation of adjusted EBITDA to net income (loss) is as follows:

($ millions)	Three months ended							
	Jun 2024	Mar 2024	Dec 2023	Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Revenues and other income	774	1,119	984	1,150	881	1,267	929	786
Energy purchases and fuel, other raw materials and operating charges, staff costs and employee benefits expense, and other administrative expense	(504)	(677)	(694)	(626)	(614)	(723)	(909)	(543)
Remove unrealized changes in fair value of commodity derivatives and emission credits included within revenues and energy purchases and fuel	(8)	(200)	(14)	(151)	23	(179)	247	136
Remove other non-recurring items [1]	4	-	1	4	-	-	-	-
Adjusted EBITDA from joint ventures [2]	57	37	36	37	37	36	36	4
Adjusted EBITDA	**323**	**279**	**313**	**414**	**327**	**401**	**303**	**383**
Depreciation and amortization	(120)	(122)	(142)	(148)	(143)	(141)	(139)	(133)
Unrealized changes in fair value of commodity derivatives and emission credits	8	200	14	151	(23)	179	(247)	(136)
Other non-recurring items	(4)	-	(1)	(4)	-	-	-	-
Foreign exchange (losses) gains	(4)	(10)	(2)	(9)	4	1	3	(12)
Net finance expense	(53)	(42)	(49)	(35)	(34)	(48)	(44)	(40)
(Losses) gains on acquisition and disposal transactions	(17)	2	(5)	5	(3)	-	(33)	(3)
Other items [2,3]	(34)	(25)	(22)	(19)	(19)	(21)	(17)	(4)
Income tax (expense) recovery	(23)	(77)	(11)	(83)	(24)	(86)	75	(24)
Net income (loss)	**76**	**205**	**95**	**272**	**85**	**285**	**(99)**	**31**
Net income (loss) attributable to:								
Non-controlling interests	1	-	(2)	(2)	(2)	(1)	(1)	(3)
Shareholders of the Company	75	205	97	274	87	286	(98)	34
Net income (loss)	**76**	**205**	**95**	**272**	**85**	**285**	**(99)**	**31**

[1] Other non-recurring items for the three months ended June 30, 2024 includes costs related to the end-of-life of Genesee coal operations.

[2] Total income from joint ventures as per our consolidated statements of income (loss).

[3] Includes finance expense, depreciation expense and unrealized changes in fair value of derivative instruments from joint ventures.

Adjusted funds from operations and adjusted funds from operations per share

AFFO and AFFO per share are measures of the Company's ability to generate cash from its operating activities to fund growth capital expenditures, the repayment of debt and the payment of common share dividends.

AFFO represents net cash flows from operating activities adjusted to:

- remove timing impacts of cash receipts and payments that may impact period-to-period comparability which include deductions for net finance expense and current income tax expense, the removal of deductions for interest paid and income taxes paid and removing changes in operating working capital,
- include the Company's share of the AFFO of its joint venture interests and exclude distributions received from the Company's joint venture interests which are calculated after the effect of non-operating activity joint venture debt payments,
- include cash from off-coal compensation that will be received annually,
- remove the tax equity financing project investors' shares of AFFO associated with assets under tax equity financing structures so only the Company's share is reflected in the overall metric,
- deduct sustaining capital expenditures and preferred share dividends,
- exclude the impact of fair value changes in certain unsettled derivative financial instruments that are charged or credited to the Company's bank margin account held with a specific exchange counterparty, and
- exclude other typically non-recurring items affecting cash from operations that are not reflective of the long-term performance of the Company's underlying business.

A reconciliation of net cash flows from operating activities to adjusted funds from operations is as follows:

(unaudited, $ millions)	Three months ended June 30		Six months ended June 30	
	2024	**2023**	**2024**	**2023**
Net cash flows from operating activities per condensed interim consolidated statements of cash flows	**136**	**11**	**470**	**360**
Add (deduct) items included in calculation of net cash flows from operating activities per condensed interim consolidated statements of cash flows:				
Interest paid	11	13	59	63
Change in fair value of derivatives reflected as cash settlement	(7)	30	(19)	(81)
Realized gain on settlement of interest rate derivatives	(14)	(10)	(14)	(10)
Distributions received from joint ventures	(3)	(9)	(11)	(18)
Miscellaneous financing charges paid [1]	-	2	(7)	4
Income taxes paid	5	11	20	25
Change in non-cash operating working capital	92	192	(70)	195
	84	229	(42)	178
Net finance expense [2]	(45)	(31)	(80)	(66)
Current income tax expense	(6)	(30)	(22)	(81)
Sustaining capital expenditures [3]	(36)	(41)	(61)	(56)
Preferred share dividends paid	(9)	(8)	(18)	(15)
Remove tax equity interests' respective shares of adjusted funds from operations	(2)	(2)	(3)	(4)
Adjusted funds from operations from joint ventures	38	23	59	45
Other non-recurring items [4]	18	-	17	-
Adjusted funds from operations	**178**	**151**	**320**	**361**
Weighted average number of common shares outstanding (millions)	**129.5**	**116.9**	**126.6**	**116.9**
Adjusted funds from operations per share ($)	**1.37**	**1.29**	**2.53**	**3.09**

[1] Included in other cash items on the condensed interim consolidated statements of cash flows to reconcile net income to net cash flows from operating activities.

[2] Excludes unrealized changes on interest rate derivative contracts, amortization, accretion charges and non-cash implicit interest on tax equity investment structures.

[3] Includes sustaining capital expenditures net of partner contributions of $1 million and $6 million for the three and six months ended June 30, 2024, respectively, compared with $1 million and $4 million for the three and six months ended June 30, 2023, respectively.

[4] For the three and six months ended June 30, 2024 other non-recurring items reflects costs related to the end-of-life of Genesee coal operations of $4 million and a provision of $18 million for the termination fee related to discontinuation of the Genesee CCS project (see Significant events), net of current income tax recovery of $4 million and $5 million for the three and six months ended June 30, 2024, related to other non-recurring items recognized in the prior and current periods, respectively.

Forward-looking Information

Forward-looking information or statements included in this press release 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 press 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 in this press release includes disclosures regarding (i) status of the Company's 2024 AFFO and adjusted EBITDA guidance, (ii) forecasted 2024 depreciation, (iii) the timing of, funding of, generation capacity of, costs of technologies selected for, environmental benefits or commercial and partnership arrangements regarding existing, planned and potential development projects and acquisitions (including the repowering of Genesee 1 and 2, La Paloma and Harquahala acquisitions, and Halkirk 2), (iv) the financial impacts of the La Paloma and Harquahala acquisitions, and (v) the timing of the nuclear feasibility assessment between Capital Power and Ontario Power Generation.

These statements are based on certain assumptions and analyses made by the Company considering 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: (i) electricity, other energy and carbon prices, (ii) performance, (iii) business prospects (including potential re-contracting of facilities) and opportunities including expected growth and capital projects, (iv) status of and impact of policy, legislation and regulations 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, natural gas and carbon prices in markets in which the Company operates and the use of derivatives, (ii) regulatory and political environments including changes to environmental, climate, financial reporting, market structure and tax legislation, (iii) disruptions, or price volatility within our supply chains, (iv) generation facility availability, wind capacity factor 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 the availability of fuel, (viii) ability to realize the anticipated benefits of acquisitions, (ix) limitations inherent in the Company's review of acquired assets, (x) changes in general economic and competitive conditions and (xi) changes in the performance and cost of technologies and the development of new technologies, new energy efficient products, services and programs. See Risks and Risk Management in the Company's Integrated Annual Report for the year ended December 31, 2023, prepared as of February 27, 2024, 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.

Territorial Acknowledgement

In the spirit of reconciliation, Capital Power respectfully acknowledges that we operate within the ancestral homelands, traditional and treaty territories of the Indigenous Peoples of Turtle Island, or North America. Capital Power's head office is located within the traditional and contemporary home of many Indigenous Peoples of the Treaty 6 region and Métis Nation of Alberta Region 4. We acknowledge the diverse Indigenous communities that are located in these areas and whose presence continues to enrich the community.

About Capital Power

Capital Power is a growth-oriented power producer committed to net zero by 2045, with approximately 9,300 MW of power generation at 32 facilities across North America. We prioritize *delivering* reliable and affordable power communities can depend on today, *building* clean power systems needed for tomorrow, and *creating* balanced solutions for our energy future. We are Powering Change by Changing Power™.

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CAPITAL POWER CORPORATION

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A), prepared as of July 30, 2024, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Capital Power Corporation and its subsidiaries for the six months ended June 30, 2024, the audited consolidated financial statements and the 2024 Performance Targets, Our Strategic Focus and Business Report sections of the Integrated Annual Report of Capital Power Corporation for the year ended December 31, 2023 (the 2023 Integrated Annual Report), the Annual Information Form of Capital Power Corporation dated February 27, 2024, and the cautionary statements regarding Forward-Looking Information which begin on page 9.

In this MD&A, 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.

In this MD&A, financial information for the six months ended June 30, 2024 and June 30, 2023 is based on the unaudited condensed interim consolidated financial statements of the Company for such periods which were prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars unless otherwise specified. In accordance with its terms of reference, the Audit Committee of the Company's Board of Directors reviews the contents of the MD&A and recommends its approval by the Board of Directors. The Board of Directors approved this MD&A as of July 30, 2024.

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FORWARD-LOOKING INFORMATION

Forward-looking information or statements included in this MD&A are provided to inform our 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 MD&A 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 MD&A includes expectations regarding:

- our priorities and long-term strategies, including our corporate, and decarbonization strategies;
- our company-wide targets and plans specific to climate-related performance, including reduction of emissions and emission intensity as well as our pathway to net zero by 2045;
- our 2024 performance targets, including facility availability, sustaining capital expenditures, AFFO and adjusted EBITDA;
- future revenues, expenses, earnings, adjusted EBITDA and AFFO;
- the future pricing of electricity and market fundamentals in existing and target markets;
- 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;
- the timing of, funding of and costs of, generation capacity of, costs of technologies selected for, environmental and sustainability benefits, commercial and partnership arrangements regarding existing, planned and potential development projects and acquisitions (including phase 2 of Halkirk Wind, the repowering of Genesee 1 and 2, the upgrade at Goreway and York Energy, Goreway Battery Energy Storage System (BESS), York Energy BESS, East Windsor expansion, Maple Leaf Solar project, Bear Branch Solar and Hornet Solar);
- the financial impacts of the La Paloma and Harquahala acquisitions;
- future growth and emerging opportunities in our target markets;
- anticipated litigation in respect of Environmental Protection Agency (EPA) rules and plans and the outcome thereof;
- market and regulation designs and regulatory and legislative proposals and changes, regulatory updates and the impact thereof on the Company's core markets and business; and
- the impact of climate change, including our assumptions relating to our identification of future risks and opportunities from climate change, our plans to mitigate transition and physical climate risks, and opportunities resulting from those risks.

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 and carbon prices;
- performance;
- business prospects (including potential re-contracting of facilities) and opportunities including expected growth and capital projects;
- status and impact of policy, legislation and regulations;
- effective tax rates;
- the development and performance of technology;
- foreign exchange rates; and
- other matters discussed under the Performance Overview, Outlook and Risks and Risk Management sections.

Whether actual results, performance or achievements will conform to our 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 our expectations. Such material risks and uncertainties are:

- changes in electricity, natural gas and carbon prices in markets in which we operate 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 our 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 our review of acquired assets;

- changes in general economic and competitive conditions, including inflation and recession;
- 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 our 2023 Integrated Annual Report, 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. Capital Power 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 our expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

OVERVIEW OF BUSINESS AND CORPORATE STRUCTURE

Capital Power is a growth-oriented power producer committed to net zero by 2045, with approximately 9,300 MW of power generation at 32 facilities across North America.

We prioritize delivering reliable and affordable power communities can depend on today, building clean power systems needed for tomorrow, and creating balanced solutions for our energy future. We are Powering Change by Changing Power™.

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.

CORPORATE STRATEGY

With our balanced approach to energy transition, we pursue strategic growth opportunities, with discipline, building upon our integrated core business – flexible generation, renewables and trading & origination. Capital Power's pathway to achieve net zero by 2045 includes transitioning off coal, developing renewables, delivering low carbon grid-critical capacity, pursuing low carbon power solutions, and making strategic investments to optimize our existing power generation assets. We are currently assessing our pathway to net zero, in addition to our interim emissions targets.

PERFORMANCE OVERVIEW

We measure our operational and financial performance in relation to our corporate strategy and progress towards our sustainability objectives through financial and non-financial targets that are approved by the Board of Directors. The measurement categories include corporate measures and measures specific to certain groups within Capital Power. The corporate measures are company-wide and include adjusted EBITDA, adjusted funds from operations and safety. The group-specific measures include facility operating margin and other operations measures, committed capital, construction and sustaining capital expenditures on budget and on schedule, and facility site safety.

Operational priorities and performance targets for Capital Power in 2024 include a balanced approach to the energy transition:

Priority	2024 target	Status at June 30, 2024
Deliver		
Provide safe, reliable generation	Facility availability average of **93%** or greater	**92%**[1] Reflected unplanned outages at Genesee 1 and 2, Clover Bar Energy Center, Shepard, Halkirk, Quality Wind, Whitla Wind, Midland Cogen and Frederickson 1.
Execution of major turnarounds at seven facilities	Sustaining capital expenditures of **$180 million to $200 million**	**$81 million**[1,2]
Generate financial stability and strength	• Adjusted funds from operations[3] ○ 2024 target: **$770 million to $870 million** • Adjusted EBITDA[3] ○ 2024 target: **$1,405 million to $1,505 million** ○ Updated guidance[4] of **$1,310 million to $1,410 million**	**$320 million**[1] **$602 million**[1]

Priority	2024 target	Status at June 30, 2024
Portfolio optimization and integration	Successful integration of U.S. acquisitions and evaluation of business development opportunities	The La Paloma acquisition and Harquahala acquisition closed in February 2024 (see Significant events). We continue to evaluate business development opportunities for the remainder of the year.
Build		
Complete $1.35 billion repower project and successful off coal transition	Commission combined cycle for Genesee Units 1 and 2	The repower project remains on track to meet the 2024 target. Commissioning of simple cycle Unit 1 and Unit 2 occurred in the first and second quarter of 2024, respectively. Due to incremental costs related to outages required for tie in and ongoing productivity challenges, the project is expected to come in at the updated cost of $1.55-$1.65 billion (see Significant events).
Advance construction on over 560 MWs of incremental capacity	Continue construction on Ontario growth and commercial initiative projects, Halkirk Wind Phase 2, and Maple Leaf Solar on schedule	Construction is underway and the projects remain on track to meet the 2024 target.
Expand U.S. renewables portfolio	Continue to explore opportunities to build or acquire renewable facilities in the U.S.	Successfully executed PPAs for the Hornet and Bear Branch solar projects in June 2024. Located in North Carolina, these projects have a total capacity of 105 MW. Construction is scheduled to commence in the second half of 2024 (see Significant events).
Create		
Advance low-carbon solutions to meet 2045 net zero	Continue to explore economic viability of carbon capture and storage (CCS) in markets compatible with the technology	The positive results from the FEED study affirmed the technology. The Genesee CCS project has been deemed uneconomic and has been discontinued (see Significant events). Capital Power will continue to evaluate CCS for viability at certain assets in our North American fleet.
	Evaluate SMRs in Alberta	Announced Partnership with Ontario Power Generation to assess new nuclear in Alberta (see Significant events).

[1] For the six months ended June 30, 2024.
[2] Includes our share of joint venture sustaining capital expenditures of $20 million net of partner contributions of $6 million.
[3] Adjusted funds from operations and adjusted EBITDA are non-GAAP financial measures. See Non-GAAP Financial Measures and Ratios.
[4] See Outlook

OUTLOOK

The following discussion should be read in conjunction with the forward-looking information section of this MD&A which identifies the material factors and assumptions used to develop forward-looking information and their material associated risk factors.

A 2024 guidance presentation was held in January 2024 providing financial guidance for 2024 AFFO in the range of $770 million to $870 million and 2024 adjusted EBITDA in the range of $1,405 million to $1,505 million (see Non-GAAP Financial Measures and Ratios). Based on the Company's actual results for the first half of 2024 and forecast for the balance of the year, the Company expects 2024 full year AFFO to be trending at the mid-point of the original guidance range and is revising the adjusted EBITDA range to $1,310 million to $1,410 million. The updated adjusted EBITDA guidance range is driven, most notably by the impact of lower Alberta power prices in addition to the impact of outages at Genesee during the first half of the year.

On March 11, 2024, the Minister of Affordability and Utilities announced two interim regulations to address Alberta's power market and plans to restructure Alberta's electricity market by 2027. See Regulatory and government matters section for details on interim regulations that came into effect on July 1, 2024 and the Minister's policy decisions that direct the technical design of the Restructured Energy Market announced on July 11, 2024.

In 2024, Capital Power's availability target of 93% or greater reflects major scheduled maintenance outages for Shepard, Joffre, Quality Wind, Goreway, Arlington, Decatur Energy and planned outages for Genesee 1 and 2 for Repowering tie in.

The Alberta portfolio position, contracted prices and forward Alberta pool prices for 2025, 2026 and 2027 (all at June 30, 2024) were:

Alberta commercial portfolio	2025	2026	2027
Power			
Hedged Volume (GWh)	10,500	9,000	5,500
Weighted average hedged prices [1] ($/MWh)	High-$70s	High-$70s	Low-$80s
Forward Alberta pool prices ($/MWh)	$51	$51	$55
Natural gas			
Hedged Volume (TJ)	90,000	75,000	50,000
Weighted average hedged prices [1,2] ($/GJ)	< $4.00	< $5.00	< $5.00
Forward Alberta natural gas prices ($/GJ)	$2.80	$3.20	$3.20

1 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.

2 Net of gains as part of the Company's gas portfolio optimization activities, including sales of previously purchased length.

The power hedged volumes and weighted average hedged prices include origination contracts with contract terms greater than 12 months, entered into during the higher price environment over the past three years. The weighted average hedged price of these longer-term duration contracts was in the high-$70s per megawatt hour range. The AB Commercial portfolio's remaining open baseload position, gas peaking assets and renewable assets are available to capture upside from Alberta power price volatility driven by factors such as weather, operational events, and the intermittency of renewables on the system.

The 2024 targets and forecasts are based on numerous assumptions including power, natural gas, and environmental offset pricing forecasts. They do not include the effects of potential future acquisitions or development activities, or potential market and operational impacts relating to significant unplanned facility outages including outages at facilities of other market participants, and the related impacts on market power prices.

At our 2024 guidance call held in January 2024, management reiterated the 6% annual dividend growth guidance through to 2025. At Investor Day held in May 2024, management announced a long-term targeted dividend growth guidance of 2-4% post 2025. The future lower dividend growth rate will fund growth opportunities. Each annual increase is premised on the assumptions listed under Forward-looking information and subject to approval by the Board of Directors of Capital Power at the time of the increase.

See Liquidity and Capital Resources for discussion of future cash requirements and expected sources of funding. It is expected that, outside of new growth opportunities, no additional common share equity beyond those issued under the Company's dividend reinvest plan will be required in 2024 to fund our current growth projects.

NON-GAAP FINANCIAL MEASURES AND RATIOS

Capital Power 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 our joint venture interests, gains or losses on disposals and unrealized changes in fair value of commodity derivatives and emission credits and other items that are not reflective of the long-term performance of the Company's underlying business (adjusted EBITDA), and (ii) AFFO as financial performance measures.

Capital Power also uses AFFO per share as a performance measure. This measure is a non-GAAP ratio determined by applying AFFO 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 Capital Power, 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 our results of operations from management's perspective.

Adjusted EBITDA

Capital Power uses adjusted EBITDA to measure the operating performance of facilities and categories of facilities from period to period. Management believes that a measure of facility operating performance is more meaningful if results not related to facility operations are excluded from the adjusted EBITDA measure such as impairments, foreign exchange gains or losses, gains or losses on disposals and other transactions, unrealized changes in fair value of commodity derivatives and emission credits and other items that are not reflective of the long-term performance of the Company's underlying business.

A reconciliation of adjusted EBITDA to net income (loss) is as follows:

($ millions)	Three months ended							
	Jun 2024	**Mar 2024**	**Dec 2023**	**Sep 2023**	**Jun 2023**	**Mar 2023**	**Dec 2022**	**Sep 2022**
Revenues and other income	774	1,119	984	1,150	881	1,267	929	786
Energy purchases and fuel, other raw materials and operating charges, staff costs and employee benefits expense, and other administrative expense	(504)	(677)	(694)	(626)	(614)	(723)	(909)	(543)
Remove unrealized changes in fair value of commodity derivatives and emission credits included within revenues and energy purchases and fuel	(8)	(200)	(14)	(151)	23	(179)	247	136
Remove other non-recurring items [1]	4	-	1	4	-	-	-	-
Adjusted EBITDA from joint ventures [2]	57	37	36	37	37	36	36	4
Adjusted EBITDA	**323**	**279**	**313**	**414**	**327**	**401**	**303**	**383**
Depreciation and amortization	(120)	(122)	(142)	(148)	(143)	(141)	(139)	(133)
Unrealized changes in fair value of commodity derivatives and emission credits	8	200	14	151	(23)	179	(247)	(136)
Other non-recurring items [1]	(4)	-	(1)	(4)	-	-	-	-
Foreign exchange (losses) gains	(4)	(10)	(2)	(9)	4	1	3	(12)
Net finance expense	(53)	(42)	(49)	(35)	(34)	(48)	(44)	(40)
(Losses) gains on acquisition and disposal transactions	(17)	2	(5)	5	(3)	-	(33)	(3)
Other items [2,3]	(34)	(25)	(22)	(19)	(19)	(21)	(17)	(4)
Income tax (expense) recovery	(23)	(77)	(11)	(83)	(24)	(86)	75	(24)
Net income (loss)	**76**	**205**	**95**	**272**	**85**	**285**	**(99)**	**31**
Net income (loss) attributable to:								
Non-controlling interests	1	-	(2)	(2)	(2)	(1)	(1)	(3)
Shareholders of the Company	75	205	97	274	87	286	(98)	34
Net income (loss)	**76**	**205**	**95**	**272**	**85**	**285**	**(99)**	**31**

[1] Other non-recurring items for the three months ended June 30, 2024 includes costs related to the end-of-life of Genesee coal operations.

[2] Total income from joint ventures as per our consolidated statements of income (loss).

[3] Includes finance expense, depreciation expense and unrealized changes in fair value of derivative instruments from joint ventures.

Adjusted funds from operations and adjusted funds from operations per share

AFFO and AFFO per share are measures of our ability to generate cash from our operating activities to fund growth capital expenditures, the repayment of debt and the payment of common share dividends.

AFFO represents net cash flows from operating activities adjusted to:

- remove timing impacts of cash receipts and payments that may impact period-to-period comparability which include deductions for net finance expense and current income tax expense, the removal of deductions for interest paid and income taxes paid and removing changes in operating working capital,
- include our share of AFFO of joint venture interests and exclude distributions received from our joint venture interests which are calculated after the effect of non-operating activity joint venture debt payments,
- include cash from off-coal compensation that will be received annually,
- remove the tax equity financing project investors' shares of AFFO associated with assets under tax equity financing structures so only Capital Power's share is reflected in the overall metric,
- deduct sustaining capital expenditures and preferred share dividends,
- exclude the impact of fair value changes in certain unsettled derivative financial instruments that are charged or credited to our bank margin account held with a specific exchange counterparty, and
- exclude other typically non-recurring items affecting cash from operations that are not reflective of the long-term performance of the Company's underlying business.

A reconciliation of net cash flows from operating activities to adjusted funds from operations is as follows:

(unaudited, $ millions)	Three months ended June 30		Six months ended June 30	
	2024	**2023**	**2024**	**2023**
Net cash flows from operating activities per condensed interim consolidated statements of cash flows	**136**	**11**	**470**	**360**
Add (deduct) items included in calculation of net cash flows from operating activities per condensed interim consolidated statements of cash flows:				
Interest paid	11	13	59	63
Change in fair value of derivatives reflected as cash settlement	(7)	30	(19)	(81)
Realized gain on settlement of interest rate derivatives	(14)	(10)	(14)	(10)
Distributions received from joint ventures	(3)	(9)	(11)	(18)
Miscellaneous financing charges paid [1]	-	2	(7)	4
Income taxes paid	5	11	20	25
Change in non-cash operating working capital	92	192	(70)	195
	84	229	(42)	178
Net finance expense [2]	(45)	(31)	(80)	(66)
Current income tax expense	(6)	(30)	(22)	(81)
Sustaining capital expenditures [3]	(36)	(41)	(61)	(56)
Preferred share dividends paid	(9)	(8)	(18)	(15)
Remove tax equity interests' respective shares of adjusted funds from operations	(2)	(2)	(3)	(4)
Adjusted funds from operations from joint ventures	38	23	59	45
Other non-recurring items [4]	18	-	17	-
Adjusted funds from operations	**178**	**151**	**320**	**361**
Weighted average number of common shares outstanding (millions)	**129.5**	**116.9**	**126.6**	**116.9**
Adjusted funds from operations per share ($)	**1.37**	**1.29**	**2.53**	**3.09**

1 Included in other cash items on the condensed interim consolidated statements of cash flows to reconcile net income to net cash flows from operating activities.

2 Excludes unrealized changes on interest rate derivative contracts, amortization, accretion charges and non-cash implicit interest on tax equity investment structures.

3 Includes sustaining capital expenditures net of partner contributions of $1 million and $6 million for the three and six months ended June 30, 2024, respectively, compared with $1 million and $4 million for the three and six months ended June 30, 2023, respectively.

4 For the three and six months ended June 30, 2024 other non-recurring items reflects costs related to the end-of-life of Genesee coal operations of $4 million and a provision of $18 million for discontinuation of the Genesee CCS project related to termination of sequestration hub evaluation work (see Significant events), net of current income tax recovery of $4 million and $5 million for the three and six months ended June 30, 2024, related to other non-recurring items recognized in the prior and current periods, respectively.

FINANCIAL HIGHLIGHTS

($ millions, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Revenues and other income	774	881	1,893	2,148
Adjusted EBITDA [1]	323	327	602	728
Net income	76	85	281	370
Net income attributable to shareholders of the Company	75	87	280	373
Basic earnings per share ($)	0.51	0.68	2.06	3.06
Diluted earnings per share ($) [2]	0.51	0.67	2.06	3.05
Net cash flows from operating activities	136	11	470	360
Adjusted funds from operations [1]	178	151	320	361
Adjusted funds from operations per share ($) [1]	1.37	1.29	2.53	3.09
Purchase of property, plant and equipment and other assets, net	226	131	444	217
Dividends per common share, declared ($)	0.6150	0.5800	1.2300	1.1600
Dividends per Series 1 preferred share, declared ($)	0.1638	0.1638	0.3276	0.3276
Dividends per Series 3 preferred share, declared ($)	0.4288	0.3408	0.8576	0.6816
Dividends per Series 5 preferred share, declared ($)	0.4144	0.3274	0.8288	0.6548
Dividends per Series 11 preferred share, declared ($) [3]	0.3594	0.3594	0.7188	0.7188

	As at	
	June 30, 2024	December 31, 2023
Loans and borrowings including current portion	4,999	4,716
Total assets	11,959	11,156

1 The consolidated financial highlights, except for adjusted EBITDA, AFFO and AFFO per share were prepared in accordance with GAAP. See Non-GAAP Financial Measures and Ratios.

2 Diluted earnings per share was calculated after giving effect to outstanding share purchase options.

3 Capital Power redeemed all of our 6 million issued and outstanding 5.75% cumulative minimum rate reset preference shares, Series 11 (see Significant events).

Adjusted EBITDA for the three and six months ended June 30, 2024, was lower than the corresponding period in 2023 largely due to lower generation and lower power prices captured by our Alberta commercial portfolio and full recognition of the off-coal compensation from the Province of Alberta at the end of 2023, partly offset by the following factors:

- lower emissions cost from reduced intensity driven by a shift to more natural gas versus coal as the Genesee facilities are 100% natural gas-fueled as of June 18, 2024 (see Significant events),
- increased U.S. facility contributions from Frederickson 1, Harquahala, and La Paloma, which were acquired in December 2023 and February 2024, respectively, and
- strong U.S. trading results.

AFFO for the three months ended June 30, 2024, was higher than the corresponding period in 2023 primarily due to:

- lower current income tax expense due to lower overall consolidated net income before tax,
- higher contributions from our joint venture investment in Harquahala, acquired in February 2024, and,
- partly offset by higher finance expense attributable to increased loans and borrowings outstanding due to issuances in the second half of 2023 and lower adjusted EBITDA described above.

AFFO for the six months ended June 30, 2024, was lower than the corresponding period in 2023 primarily due to:

- lower adjusted EBITDA and higher finance expense described above,
- higher sustaining capital expenditures as a result of larger outage scope and recent acquisitions,
- higher preferred share dividends, and
- partly offset by decreased current income tax expense due to lower overall consolidated net income before tax and higher contributions from our joint venture investment in Harqualaha.

Revenues and other income for the three and six months ended June 30, 2024 were lower compared with the corresponding period in 2023 primarily due to lower generation and lower power prices captured by our Alberta commercial portfolio, partially offset by increased U.S. facility contributions from Frederickson 1 and La Paloma, which were acquired in December 2023 and February 2024, respectively and the impact of unrealized changes in the fair value of the Company's commodity derivatives and emission credits for the three months ended June 30, 2024. Further contributing to the decrease is lower revenues for cost recoveries and other income related to off-coal compensation from the Province of Alberta that was fully recognized at the end of fiscal 2023.

See Consolidated Net Income and Results of Operations for further discussion of the key drivers of the changes in revenues and other income, adjusted EBITDA, net income and net income attributable to shareholders of the Company.

Basic and diluted earnings per share changes were driven by the same factors as net income, which are discussed in Consolidated Net Income and Results of Operations and the changes from period to period in the weighted average number of common shares outstanding.

See Liquidity and Capital Resources for discussion of key drivers of changes in net cash flows from operating activities.

The increase in purchases of property, plant and equipment and other assets is discussed in Liquidity and Capital Resources.

SIGNIFICANT EVENTS

Executes 25-year contracts for Hornet Solar and Bear Branch Solar projects in North Carolina

In June 2024, the Company successfully executed 25-year power purchase agreements with Duke Energy Carolinas for the Hornet Solar and Bear Branch Solar projects located in North Carolina totalling 105 MW. Construction of the solar projects is expected to begin in the second half of 2024 with targeted commercial operations expected in the second half of 2026.

Genesee Generating Station is off coal

On June 18, 2024, the Company reached a significant milestone for the Genesee Repowering project with the announcement that the Genesee Generating Station is off coal and now 100% natural gas-fueled, resulting in the facility being off coal more than 5 years ahead of the Alberta government mandate.

As part of the Genesee Repowering project, the facility completed simple cycle commissioning for Units 1 and 2 on May 3 and June 28, respectively, and Unit 3 has transitioned fully to natural gas. The project continues to progress with combined cycle completion expected in Q4 2024, which will result in 512 MW of additional net high efficiency, low heat rate capacity from the site. Both units are expected to reach 566 MWs in the first half of 2025.

During the commissioning phase, unit dispatch is driven by project needs rather than economic dispatch; therefore, output during simple cycle commissioning ranged between 0 and 411 MWs, and output during combined cycle commissioning will range between 0 and 466 MWs. Due to incremental costs related to outages required for tie in and ongoing productivity challenges, the project is expected to come in at the updated cost of $1.55 to $1.65 billion.

$450 million Subordinated Notes offering

On June 5, 2024, the Company closed a public offering of Fixed-to-Fixed Subordinated Notes, Series 2, in the aggregate principal amount of $450 million (the Notes). The Notes have a fixed interest rate of 8.125% and mature on June 5, 2054.

The Company used the net proceeds from the sale of the Notes to repay certain amounts drawn on the Company's credit facilities (which include amounts drawn for the acquisition of a 50% interest in New Harquahala Generating Company, LLC, and a 100% interest in CXA La Paloma, LLC, and related expenses, development purposes and in respect of ongoing operations), to redeem all of the Company's outstanding Cumulative Minimum Rate Reset Preferred Shares, Series 11 (TSX: CPX.PR.K), and for general corporate purposes.

Redemption of Preferred Shares, Series 11

On May 15, 2024, the Company announced its intention to redeem all of its 6 million issued and outstanding 5.75% cumulative rate reset preference shares, Series 11 on June 30, 2024 (Redemption Date) at a price of $25.00 per share (Redemption Price) for an aggregate total of $150 million, less any tax required to be deducted and withheld by the Company. As June 30, 2024 was not a business day payment of the Redemption Price for the share redemption occurred on July 2, 2024.

Board of Director changes

On May 15, 2024, the Company announced the appointment of Neil H. Smith and George Williams to the Company's Board of Directors effective May 15, 2024. The appointments follow Doyle Beneby's retirement, after serving the full 12 year term limit as a member of the Board of Directors. With these appointments and retirement, Capital Power's Board of Directors consists of 11 directors, with 40% of the independent directors being women, and 30% of the independent directors representing diverse groups beyond gender.

Discontinuation of $2.4 billion Genesee CCS project

Capital Power is discontinuing pursuit of the Genesee CCS project. Through our development of the project, we have confirmed that CCS is a technically viable technology and potential pathway to decarbonization for thermal generation facilities including Genesee. However, at this time, the project is not economically feasible and as a result we will be turning our time, attention, and resources to other opportunities to serve our customers with balanced energy solutions. As part of our discontinuation of the project, Capital Power will incur a pre-tax cost of $18 million, related to termination of sequestration hub evaluation work. Capital Power looks forward to exploring CCS at Genesee and certain assets in our North American fleet in the future as economics improve.

When our Genesee Repowering project is completed, the units are expected to achieve industry-leading greenhouse gas (GHG) emission reductions of 3.4 million tonnes annually. Capital Power is on track to meet its Scope 1 absolute emissions target at Genesee by 2030. However, our current projections show we will exceed our corporate emission intensity and absolute emission targets for 2030 due to a combination of higher anticipated utilization of our fleet, the discontinuation of the Genesee CCS project and growth in accordance with our strategy. As a result of the foregoing, we are currently assessing our overall emissions targets as well as our pathway to net zero.

Large-scale virtual power purchase agreement with Saputo Inc.

On March 27, 2024, the Company announced it had entered into a 15-year virtual power purchase agreement (VPPA) with Saputo Inc. The agreement pertains to the Company's Canadian-based wind facility Halkirk 2 currently under construction. Subject to final regulatory approvals and once operational, the portion of the wind facility contracted by Saputo will generate approximately 206,300 MWh of renewable electricity per year. Regulatory approvals updated in June 2024 - see Liquidity and Capital Resources.

Acquisitions of CXA La Paloma, LLC and New Harquahala Generating Company, LLC

The La Paloma Acquisition and the Harquahala Acquisition closed on February 9, 2024 and February 16, 2024, respectively.

On November 20, 2023, the Company announced that it had entered into two separate definitive agreements with CSG Investments, Inc., a subsidiary of Beal Financial Corporation, to acquire:

1. 100% of the equity interests in CXA La Paloma, LLC (La Paloma), which owns the 1,062 MW La Paloma natural gas-fired generation facility in Kern County, California (the La Paloma Acquisition); and
2. under a newly formed 50/50 partnership between Capital Power Investments, LLC and an affiliate of a fund managed by BlackRock's Diversified Infrastructure business (BlackRock), 100% of the equity interests in New Harquahala Generating Company, LLC (Harquahala), which owns the 1,092 MW Harquahala natural gas-fired generation facility in Maricopa County, Arizona (the Harquahala Acquisition and together with the La Paloma Acquisition, the Acquisitions).

Under the newly established 50/50 partnership, Capital Power and BlackRock were each responsible for funding 50% of the cash consideration for the Harquahala Acquisition. Capital Power is responsible for the operations and maintenance and asset management for which it will receive an annual management fee.

La Paloma and Harquahala are critical infrastructure assets, which support the reliability of California and Arizona's electricity grids and add further growth opportunities in the attractive Western Electricity Coordinating Council (WECC) market while balancing the Company's geographical footprint across North America. La Paloma is contracted under various resource adequacy contracts through 2029 with multiple investment grade utilities and load serving entities. Harquahala is 100% contracted under a tolling agreement through 2031 with an investment grade utility.

The Acquisitions are expected to generate average annual Adjusted EBITDA of approximately $265 million (US$197 million) for the 2024-2028 period and are estimated to be, on average, 8% accretive to AFFO per share over the same period.

The purchase price of the Acquisitions attributable to Capital Power was $1.5 billion (US$1.1 billion), subject to working capital and other customary closing adjustments. The Acquisitions were partially funded by a $400 million subscription receipt offering and $850 million medium term notes offering.

Partnered with Ontario Power Generation to advance new nuclear in Alberta

On January 15, 2024, the Company announced that it had entered into an agreement with Ontario Power Generation (OPG) to jointly assess the development and deployment of grid-scale small modular reactors (SMRs) to provide clean, reliable nuclear energy for Alberta.

Pursuant to the agreement, the two companies will examine the feasibility of developing SMRs in Alberta, including possible ownership and operating structures. SMRs are being pursued by jurisdictions in Canada and around the world to power the growing demand for clean electricity and energy security.

Capital Power and OPG will complete the feasibility assessment within two years, while continuing to work on the next stages of SMR development.

SUBSEQUENT EVENT

Dividend increase

On July 30, 2024, the Company's Board of Directors approved an increase of 6% in the annual dividend for holders of its common shares, from $2.46 per common share to $2.61 per common share. This increased common share dividend will commence with the third quarter 2024 quarterly dividend payment on October 31, 2024 to shareholders of record at the close of business on September 30, 2024.

CONSOLIDATED NET INCOME AND RESULTS OF OPERATIONS

The primary factors contributing to the change in consolidated net income for the three and six months ended June 30, 2024, compared with 2023 are presented below followed by further discussion of these items.

($ millions)	Three months		Six months	
Consolidated net income for the periods ended June 30, 2023		**85**		**370**
Increase (decrease) in adjusted EBITDA:				
Alberta commercial facilities and portfolio optimization	(44)		(144)	
Western Canada facilities	7		3	
Ontario facilities	(5)		(3)	
U.S. facilities	69		105	
Corporate	(31)	(4)	(87)	(126)
Change in unrealized net gains or losses related to the fair value of commodity derivatives and emission credits		31		52
Decrease in depreciation and amortization expense		23		42
Increase in losses on disposals and other transactions		(14)		(12)
Increase in foreign exchange loss		(8)		(19)
Increase in finance expense and depreciation expense from joint ventures		(15)		(19)
Increase in net finance expense		(19)		(13)
Change in other non-recurring items		(4)		(4)
Decrease in income before tax		(10)		(99)
Decrease in income tax expense		1		10
Decrease in net income		**(9)**		**(89)**
Consolidated net income for the periods ended June 30, 2024		**76**		**281**

Results by facility category and other

	Three months ended June 30							
	2024	2023	2024	2023	2024	2023	2024	2023
	Electricity generation (GWh) [1]		Facility availability (%) [2]		Revenues and other income ($ millions) [3]		Adjusted EBITDA ($ millions) [3,4]	
Total electricity generation, average facility availability and facility revenues	8,603	7,857	91	95	452	799		
Alberta commercial facilities								
Genesee 1	46	793	100	95	9	133		
Genesee 1 Repowered [5]	616	N/A	97	N/A	25	N/A		
Genesee 2	343	759	98	91	19	112		
Genesee 2 Repowered [6]	118	N/A	100	N/A	4	N/A		
Genesee 3	905	1,000	92	100	43	158		
Clover Bar Energy Centre 1, 2 and 3	129	130	58	47	9	34		
Joffre	139	150	80	95	13	40		
Shepard	552	741	74	98	26	81		
Halkirk Wind	106	107	95	96	9	15		
Clover Bar Landfill Gas	-	1	-	58	-	1		
Alberta commercial facilities	2,954	3,681	86	91	157	574		
Portfolio optimization	N/A	N/A	N/A	N/A	251	35		
	2,954	3,681	86	91	408	609	122	166
Western Canada facilities								
Island Generation	-	2	100	100	3	4		
Quality Wind	93	73	98	92	10	9		
EnPower	3	3	100	94	-	1		
Whitla Wind	338	280	98	94	18	12		
Strathmore Solar	25	28	97	98	1	1		
Clydesdale Solar	52	54	97	97	5	5		
	511	440	98	96	37	32	27	20
Ontario facilities								
York Energy [7]	12	3	100	89	N/A	N/A		
East Windsor	2	3	99	99	8	9		
Goreway	552	608	85	98	63	72		
Kingsbridge 1	19	16	94	89	2	1		
Port Dover and Nanticoke Wind	63	54	98	96	9	8		
	648	684	89	96	82	90	55	60
U.S. facilities								
Decatur Energy, Alabama	883	494	98	100	22	19		
Arlington Valley, Arizona	795	908	99	98	32	46		
Beaufort Solar, North Carolina	7	8	99	99	-	-		
Bloom Wind, Kansas	184	153	94	98	10	8		
Macho Springs Wind, New Mexico	41	41	96	98	5	5		
New Frontier Wind, North Dakota	107	83	95	94	7	5		
Cardinal Point Wind, Illinois	143	134	84	95	10	10		
Buckthorn Wind, Texas	99	77	96	94	6	6		
Midland Cogen, Michigan [7]	1,444	1,154	95	94	N/A	N/A		
Frederickson 1, Washington [8]	137	N/A	50	N/A	6	N/A		
Harquahala, Arizona [7,9]	333	N/A	80	N/A	N/A	N/A		
La Paloma, California [10]	317	N/A	94	N/A	65	N/A		
U.S. trading	N/A	N/A	N/A	N/A	13	4		
	4,490	3,052	93	97	176	103	157	88
Corporate [11]					2	35	(38)	(7)
Unrealized changes in fair value of commodity derivatives and emission credits					69	12		
Consolidated revenues and other income and adjusted EBITDA					**774**	**881**	**323**	**327**

	Six months ended June 30							
	2024	2023	2024	2023	2024	2023	2024	2023
	Electricity generation (GWh) [1]		Facility availability (%) [2]		Revenues and other income ($ millions) [3]		Adjusted EBITDA ($ millions) [3,4]	
Total electricity generation, average facility availability and facility revenues	17,412	15,274	92	94	1,138	1,609		
Alberta commercial facilities								
Genesee 1	746	1,602	94	96	83	250		
Genesee 1 Repowered [5]	616	N/A	97	N/A	25	N/A		
Genesee 2	1,030	1,642	90	96	88	240		
Genesee 2 Repowered [6]	118	N/A	100	N/A	4	N/A		
Genesee 3	1,906	1,998	95	99	143	299		
Clover Bar Energy Centre 1, 2 and 3	294	280	57	58	31	63		
Joffre	354	304	90	96	41	71		
Shepard	1,372	1,456	86	92	86	142		
Halkirk Wind	215	229	94	97	22	36		
Clover Bar Landfill Gas	-	4	-	68	-	1		
Alberta commercial facilities	6,651	7,515	88	92	523	1,102		
Portfolio optimization	N/A	N/A	N/A	N/A	478	188		
	6,651	7,515	88	92	1,001	1,290	257	401
Western Canada facilities								
Island Generation	34	2	100	100	6	7		
Quality Wind	180	177	97	95	25	25		
EnPower	9	7	93	84	1	1		
Whitla Wind	663	664	96	95	33	31		
Strathmore Solar	38	40	97	97	2	2		
Clydesdale Solar	84	81	97	97	7	7		
	1,008	971	98	97	74	73	51	48
Ontario facilities								
York Energy [7]	18	7	100	94	N/A	N/A		
East Windsor	14	4	99	99	16	17		
Goreway	1,351	966	92	94	148	145		
Kingsbridge 1	47	47	92	92	4	4		
Port Dover and Nanticoke Wind	145	141	98	96	22	21		
	1,575	1,165	94	95	190	187	119	122
U.S. facilities								
Decatur Energy, Alabama	1,338	734	99	99	48	43		
Arlington Valley, Arizona	1,635	1,421	90	90	85	118		
Beaufort Solar, North Carolina	14	14	99	99	1	1		
Bloom Wind, Kansas	358	339	96	97	20	17		
Macho Springs Wind, New Mexico	82	85	96	98	10	10		
New Frontier Wind, North Dakota	196	191	89	94	12	11		
Cardinal Point Wind, Illinois	308	308	85	94	22	24		
Buckthorn Wind, Texas	195	185	96	94	13	13		
Midland Cogen, Michigan [7]	2,742	2,346	94	95	N/A	N/A		
Frederickson 1, Washington [8]	383	N/A	69	N/A	12	N/A		
Harquahala, Arizona [7,9]	333	N/A	87	N/A	N/A	N/A		
La Paloma, California [10]	594	N/A	95	N/A	108	N/A		
U.S. trading	N/A	N/A	N/A	N/A	20	10		
	8,178	5,623	93	96	351	247	269	164
Corporate [11]					5	68	(94)	(7)
Unrealized changes in fair value of commodity derivatives and emission credits					272	283		
Consolidated revenues and other income and adjusted EBITDA					**1,893**	**2,148**	**602**	**728**

1 Gigawatt hours (GWh) of electricity generation reflects the Company's share of facility output.

2 Facility availability represents the percentage of time in the period that the facility was available to generate power regardless of whether it was running, and therefore is reduced by planned and unplanned outages.

3 Commencing in 2024, the Company reclassified the presentation of U.S. trading within Alberta portfolio optimization to the U.S. facilities category to better reflect the nature of these activities. Comparatives for revenues and other income and adjusted EBITDA were reclassified to conform to the current presentation.

4 The financial results by facility category, except for adjusted EBITDA, were prepared in accordance with GAAP. See Non-GAAP Financial Measures and Ratios.

5 Genesee Repowered 1 simple cycle commissioned May 3, 2024 (see Significant events).

6 Genesee Repowered 2 simple cycle commissioned June 28, 2024 (see Significant events).

7 York Energy, Midland Cogen and Harquahala are accounted for under the equity method. Capital Power's share of the facilities' net income is included in income from joint ventures on the Company's condensed interim consolidated statements of income. Capital Power's share of the facilities adjusted EBITDA are included in adjusted EBITDA above.

The equivalent of Capital Power's share of the facility's revenue was $110 million and $209 million for three and six months ended June 30, 2024, respectively, compared with $82 million and $173 million for the three and six months ended June 30, 2023. The facilities revenues are not included in the above results.

8 Frederickson 1 was acquired December 28, 2023.

9 Harquahala was acquired February 16, 2024 (see Significant events).

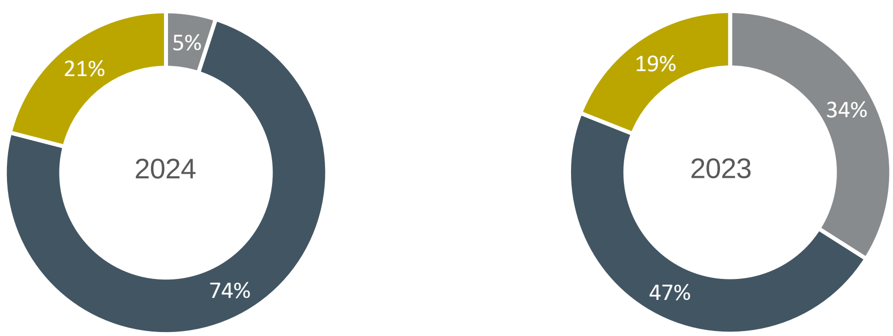
10 La Paloma was acquired February 9, 2024 (see Significant events).

11 Corporate revenues were offset by interplant category eliminations.

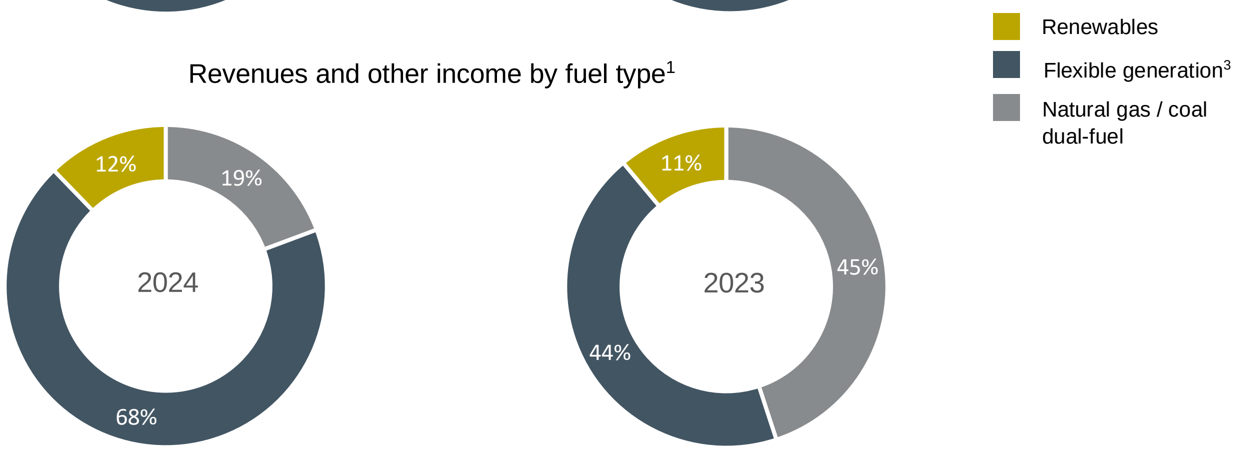
Adjusted EBITDA and revenues and other income by fuel type for the six months ended June 30

Alberta commercial portfolio optimization amounts in adjusted EBITDA and revenues and other income are allocated to fuel source based on generation of baseload assets and off-coal compensation is reflected within natural gas / coal dual-fuel. Off-coal compensation was fully recognized during 2023 and therefore lower contributions to natural gas / coal dual-fuel going forward. The period-over-period increases in percentages from our flexible generation facilities are largely driven by the reclassification of Genesee 3 to natural gas after the successful conversion in May 2023 and the successful conversion of Genesee 1 and 2 to natural gas during 2024 (see Significant events). Also contributing to the increase are the acquisitions of Frederickson 1 at the end of 2023, and La Paloma and Harquahala in the first quarter of 2024 (see Significant events). Contributions to revenue and adjusted EBITDA from renewable facilities have remained consistent.

Adjusted EBITDA[2] by fuel type



Revenues and other income by fuel type[1]



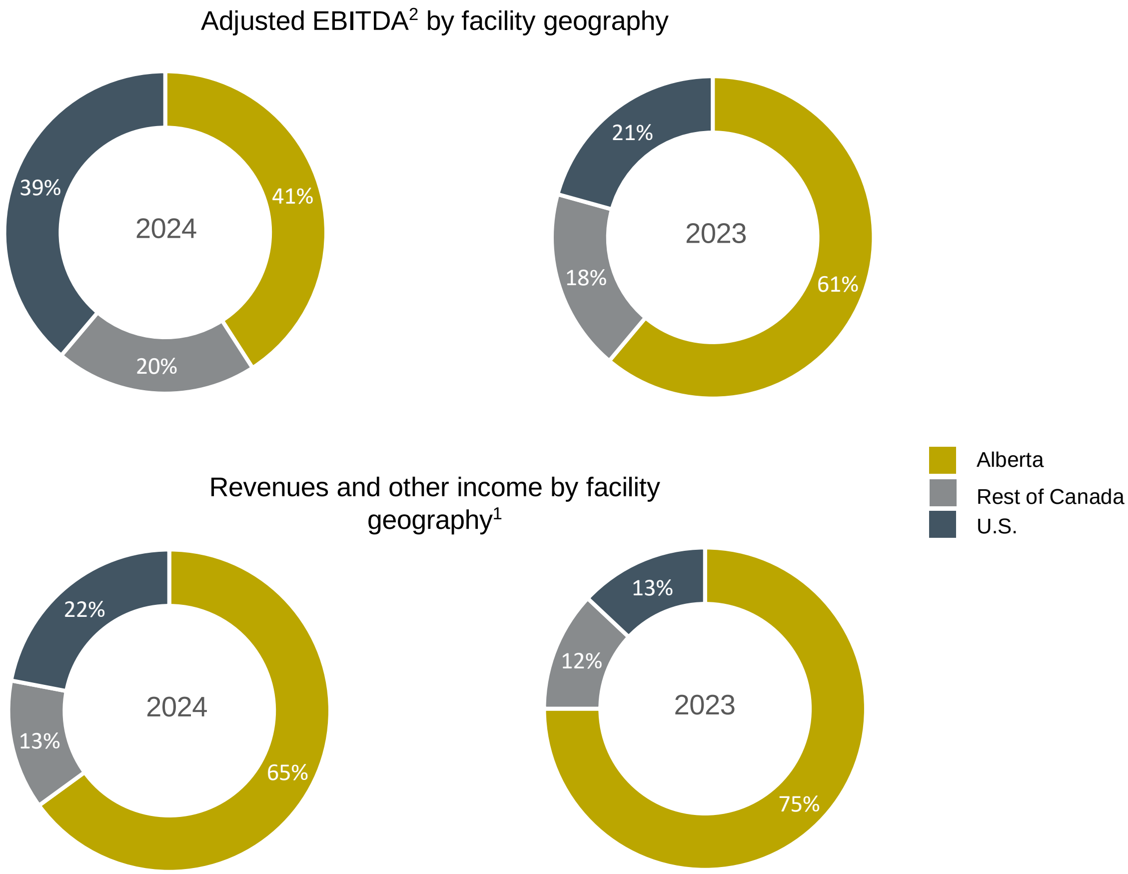
1 The allocation of revenues and other income by fuel type excludes the impacts of unrealized changes in fair value of commodity derivatives and emission credits.

2 See Non-GAAP Financial Measures and Ratios.

3 Flexible generation is defined as the Company's natural gas generation assets and energy storage business. Comparative information has been reclassified to conform to the current year's presentation.

Adjusted EBITDA and revenues and other income by facility geography for the six months ended June 30

Trading activity amounts directly related to facilities are included in adjusted EBITDA and revenues and other income based on the geographic location of the facility that the trading relates to. Corporate adjusted EBITDA and revenues and other income are excluded from these amounts. The period-over-period increases in percentages from the U.S. is largely driven by the recent acquisitions of Frederickson 1 at the end of 2023, and La Paloma and Harquahala in the first quarter of 2024 (see Significant events). These increases in the U.S. reduced the period-over-period contribution percentages from Alberta combined with lower realized power prices compared to the prior period. Period-over-period percentages for rest of Canada remained consistent.



1 The allocation of revenues and other income by facility geography excludes the impacts of unrealized changes in fair value of commodity derivatives and emission credits.

2 See Non-GAAP Financial Measures and Ratios.

Energy prices and hedged positions

Alberta commercial portfolio	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023	Year ended December 31, 2023
Power					
Hedged volume at beginning of period (GWh)	2,500	3,000	5,500	5,000	10,500
Spot power price average ($/MWh)	45	160	72	151	134
Realized power price average [1] ($/MWh)	78	85	80	91	90
Natural gas					
Hedged volume at beginning of period (TJ)	18,000	13,000	34,500	18,000	51,500
Spot natural gas price average (AECO) [2] ($/GJ)	1.14	2.39	1.54	2.73	2.54

1 Realized power price is the average aggregate price realized through selling power generation into the spot market, the Company's commercial contracted sales and portfolio optimization activities. When long-term forward portfolio optimization hedges are transacted, they reflect the market's expectations for future period pricing. Ultimately, spot pricing may vary from expected forward pricing due to a number of factors resulting in realized power prices in a given period that can differ materially from spot pricing.

2 AECO refers to the historical virtual trading hub located in Alberta and known as the NOVA Inventory Transfer system operated by TC Energy. Realized natural gas price is the average aggregate price realized through purchasing of natural gas from the spot market, the Company's commercial contracted purchases and portfolio optimization activities. For the current and comparative periods, this results in realized natural gas prices that are lower than spot natural gas prices.

Alberta commercial facilities and portfolio optimization

Alberta spot price averaged $45 per MWh and $72 per MWh in the second quarter and first half of 2024, respectively, compared to $160 per MWh and $151 per MWh in the same periods last year. Factors that contributed to lower Alberta settled and captured pricing by our Alberta commercial portfolio year-over year include:

- mild temperatures across Alberta throughout most of 2024 compared to 2023,
- more planned and unplanned thermal outages in the province in 2023,
- higher renewables generation from the additional capacity combined with higher capacity factors in the province compared to 2023,
- additional baseload capacity and generation in the province compared to 2023, and
- lower AECO spot pricing due to strong production coupled with lower demand.

Generation and availability for the three and six months ended June 30, 2024, compared to 2023 were impacted by the following net effect:

- more frequent intermittent unplanned outages at Genesee 1 and 2 in the first quarter of 2024 compared to last year,
- planned outages to complete simple cycle commissioning for Genesee repowered units 1 and 2, achieved in the first and second quarter of 2024, respectively,
- planned outage at Genesee 3 in the second quarter of 2024 versus no outages in the comparative periods,
- longer unplanned outages at Clover Bar Energy Center compared to the same periods last year; however, the facility was dispatched more frequently year-over-year to capture periods of peak power pricing,
- longer planned outage at Joffre in the second quarter of 2024 compared to the unplanned outage in the first quarter of 2023, and
- longer planned and unplanned outages at Shepard and Halkirk, respectively, compared to 2023.

Lower revenues and other income and adjusted EBITDA for the second quarter and first half of 2024 compared to 2023 primarily due to reduced realized power prices by the Alberta commercial portfolio, lower generation as listed above and an insurance recovery in 2023 for an unplanned outage at Joffre in 2022.

Adjusted EBITDA benefited year-over-year from lower coal costs and lower emissions costs, partly offset by higher natural gas costs due to higher volumes procured, as the Genesee Generating Station transitioned off-coal to 100% natural gas (see Significant Events). Adjusted EBITDA was further impacted in the first half of 2024 compared to the same period in 2023 by higher realized natural gas prices on positions entered into during a higher-priced environment.

Western Canada facilities

Stronger generation and availability in the second quarter and first half of 2024 compared with the same periods in 2023 driven by an unplanned outage at Quality Wind in 2023 due to wildfire, stronger wind resources, combined with solar resources remaining strong year-over-year. These factors along with higher merchant REC pricing at Whitla and an insurance recovery for an unplanned outage due to wildfire at Quality Wind led to higher revenues and other income year-over-year. Adjusted EBITDA further increased year-over-year from the costs incurred in 2023 due to the wildfire impacting Quality Wind.

Ontario facilities

Lower generation and availability for the quarter ended June 30, 2024, compared to the same period in 2023 due to a planned outage at Goreway, partly offset by stronger generation and availability at York due to a planned outage in the second quarter of 2023. These factors led to lower revenues and other income and adjusted EBITDA quarter-over-quarter, with the impact to adjusted EBITDA partially offset by lower emission costs at Goreway from its lower generation profile.

Generation for the first half of 2024 benefited from increased demand on thermal facilities to backstop tight market conditions in the Ontario power market, leading to higher revenues and other income for the first half of 2024 compared to the previous year. Adjusted EBITDA for the first half of 2024 was lower than the same period in 2023 due to the aforementioned factors, which was more than offset by higher emission costs at the thermal facilities due to a higher generation profile and an increase in environmental compliance costs.

U.S. facilities

Generation and availability for the second quarter and first half of 2024 compared to the previous year were impacted by the following net effect:

- stronger demand leading to increased dispatch of our thermal facilities for the first half of the year, apart from lower dispatch at Arlington Valley where market conditions led to less calls on the Heat Rate Call Option (HRCO) in the second quarter of 2024 compared to the same period in 2023,
- higher capacity factors across the renewables fleet in the second quarter, and
- contributions from Frederickson 1, acquired in December 2023 and from Harquahala and La Paloma, both acquired in February 2024.

Along with the aforementioned factors, strong revenues and other income and adjusted EBITDA for the second quarter and first half of 2024 compared to the same periods in 2023 were impacted by the following net effect:

- contributions from our joint venture investment in Harquahala, acquired in February 2024,
- lower results from Midland Cogen in the first quarter of 2024 compared to 2023 driven by higher fuel costs incurred during the January winter storm,
- lower revenues and other income from Arlington Valley driven by reduced recovery of natural gas expense in 2024 compared to 2023 because of declining natural gas prices year-over-year. However, net impacts to adjusted EBITDA were negligible as fuel costs are recovered through HRCO strike payments from the off-taker. Adjusted EBITDA further benefitted from lower planned outage costs year-over-year, and
- strong trading results for the second quarter and first half of 2024 compared to 2023 due to increased power and environmental trading activity combined with our ability to capitalize on periods of volatility.

Corporate

Corporate results include (i) revenues for cost recoveries and other income related to off-coal compensation from the Province of Alberta which was fully recognized at the end of fiscal 2023, (ii) costs of support services such as treasury, finance, internal audit, legal, people services, corporate risk management, asset management, and environment, health and safety, and (iii) business development expenses. Cost recovery revenues are primarily intercompany revenues that are offset by interplant category transactions.

Net corporate revenues and other income for the three and six months ended June 30, 2024, was lower compared with the same period in 2023 primarily due to the off-coal compensation from the Province of Alberta being fully recognized at the end of 2023. Note, however, that the cash payment received by Capital Power from the off-coal compensation will continue to be reflected in AFFO annually through to 2030. Higher business development expenses related to the closing of the Harquahala and La Paloma acquisitions further contributed to the unfavorable adjusted EBITDA year-over-year.

Unrealized changes in fair value of commodity derivatives and emission credits

($ millions)	Three months ended June 30			
	2024	**2023**	**2024**	**2023**
Unrealized changes in fair value of commodity derivatives and emission credits	**Revenues and other income[1]**		**Income before tax[1]**	
Unrealized gains (losses) on Alberta power derivatives	47	(10)	46	(3)
Unrealized gains on U.S. power derivatives	24	49	24	49
Unrealized losses on natural gas derivatives	(3)	(27)	(46)	(73)
Unrealized gains (losses) on emission derivatives	1	-	(5)	-
Unrealized (losses) gains on emission credits held for trading	-	-	(11)	4
	69	**12**	**8**	**(23)**

($ millions)	Six months ended June 30			
	2024	**2023**	**2024**	**2023**
Unrealized changes in fair value of commodity derivatives and emission credits	**Revenues and other income[1]**		**Income before tax[1]**	
Unrealized gains on Alberta power derivatives	294	139	293	126
Unrealized (losses) gains on U.S. power derivatives	(5)	101	(5)	101
Unrealized (losses) gains on natural gas derivatives	(16)	32	(62)	(97)
Unrealized (losses) gains on emission derivatives	(1)	11	(7)	11
Unrealized (losses) gains on emission credits held for trading	-	-	(11)	15
	272	**283**	**208**	**156**

[1] Revenues and other income and adjusted EBITDA relating to our Alberta commercial facilities and portfolio optimization and U.S. facilities trading include realized changes in the fair value of commodity derivatives and emission credits. Unrealized changes in the fair value of commodity derivatives and emission credits are excluded from revenues and other income relating to our Alberta commercial facilities and portfolio optimization and U.S. facilities and are also excluded from our adjusted EBITDA metric.

When a derivative instrument settles, the unrealized fair value changes recorded in prior periods for that instrument are reversed from this category. The gain or loss realized upon settlement is then reflected in adjusted EBITDA for the applicable facility category.

During the three and six months ended June 30, 2024, the Alberta power portfolio recognized unrealized gains of $46 million and $293 million, respectively, on Alberta power derivatives due to the impact of decreasing forward prices on net forward sale contracts, partially offset by the reversal of prior period unrealized gains on positions that settled during those periods. During the three months ended June 30, 2023, the Alberta power portfolio recognized unrealized losses of $3 million on Alberta power derivatives, due to the impact of increasing forward prices on net forward sale contracts, offset partly by the reversal of prior period unrealized losses on positions that settled during the quarter. During the six months ended June 30, 2023, the Alberta power portfolio recognized unrealized gains of $126 million mainly as a result of the reversal of prior period unrealized losses on positions that settled during 2023, partially offset by the impact of increasing forward prices on net forward sales contracts.

During the three months ended June 30, 2024, the US power portfolio recognized unrealized gains of $24 million on power derivatives, mainly due to net impacts of decreasing forward prices on forward sale contracts associated with the majority of the Company’s U.S. wind facilities and La Paloma. During the six months ended June 30, 2024, the U.S. power portfolio recognized unrealized losses of $5 million, mainly due to net impacts of decreasing forward pricing on forward sales contracts on the Company’s U.S. wind facilities and La Paloma, largely offset by the reversal of prior period unrealized gains on positions that settled in 2024. During the three and six months ended June 30, 2023, the U.S. power portfolio recognized unrealized gains of $49 million and $101 million respectively, mainly as a result of the reversal of prior period unrealized losses on positions that settled during those periods as well as the impact of decreasing forward power prices on forward sale contracts associated with the Company’s U.S wind facilities.

During the three and six months ended June 30, 2024, Capital Power recognized unrealized losses on natural gas derivatives of $46 million and $62 million respectively due to impacts of decreasing pricing on forward purchase contracts, partially offset by the reversal of prior period unrealized losses on positions that settled during these periods. During the three and six months ended June 30, 2023, Capital Power recognized unrealized losses on natural gas derivatives of $73 million and $97 million respectively, due to both the impact of decreasing forward prices on forward purchase contracts as well as the reversal of prior period unrealized gains on positions that settled during those periods.

During both the three and six months ended June 30, 2024, Capital Power recognized unrealized losses on emissions derivatives of $5 and $7 million, respectively, mainly due to unfavourable impacts of increased forward prices on forward sales partially offset by prior period unrealized gains that settled during these periods, partially offset by favourable impacts of declining CCA pricing on net forward sale positions. During the six months ended June 30, 2023, Capital Power recognized unrealized gains on emission derivatives of $11 million, mainly as a result of the impact of increasing forward prices on net forward purchase contracts.

During the three and six months ended June 30, 2024, Capital Power recognized unrealized losses on emission credits held for trading of $11 million, mainly due to the reversal of unrealized gains on emissions credits sold in the year and the impact of decreasing market prices on the value of inventory positions. During the three and six months ended June 30, 2023, Capital Power recognized unrealized gains on emission credits held for trading of $4 million and $15 million respectively, due mainly to the impact of increasing market prices on the value of inventory positions, partially offset by the reversal of unrealized gains on emission credits sold during those periods.

Consolidated other expenses and non-controlling interests

($ millions)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Interest on borrowings less capitalized interest	(51)	(37)	(98)	(75)
Realized gains on settlement of interest rate derivatives	4	14	7	18
Other net finance expense (income) – bank interest, interest on off-coal compensation from the Province of Alberta, lease liability interest, sundry interest, guarantee and other fees	(3)	(3)	3	(7)
	(50)	(26)	(88)	(64)
Unrealized losses representing changes in the fair value of interest rate derivatives	-	(2)	-	(5)
Other net finance expense – amortization and accretion charges, including accretion of deferred revenue pertaining to off-coal compensation from the Province of Alberta	(3)	(6)	(7)	(13)
Total net finance expense	(53)	(34)	(95)	(82)
Depreciation and amortization	(120)	(143)	(242)	(284)
Foreign exchange (loss) gain	(4)	4	(14)	5
Losses on disposals and other transactions	(17)	(3)	(15)	(3)
Other items from joint ventures[1]	(34)	(19)	(59)	(40)
Income tax expense	(23)	(24)	(100)	(110)
Net (income) loss attributable to non-controlling interests	(1)	2	(1)	3

[1] Includes finance expense, depreciation expense and unrealized changes in fair value of derivative instruments from joint ventures.

Net finance expense

Higher net finance expense for the three and six months ended June 30, 2024 compared with the same periods in the prior year largely reflects higher interest on increased loans and borrowings outstanding due to the $850 million and $350 million medium-term notes issued in the second half of 2023 and $450 million Subordinated Notes issued in June 2024 (see Significant events) and lower realized gains on settlement of interest rate derivatives. This was partially offset by higher capitalized interest due to the continued advancement of the Genesee Repowering project, higher accrued interest income on proceeds of recent debt issuances, and lower accretion charges incurred due to full recognition of off-coal compensation at the end of 2023.

Depreciation and amortization

Lower depreciation and amortization for the three and six months ended June 30, 2024 compared with the same periods in the prior year primarily due to Genesee and Genesee Mine assets being fully depreciated at the end of 2023 partially offset by increased depreciation for assets acquired in the Frederickson 1 and La Paloma (see Significant events) transactions that occurred in December 2023 and February 2024, respectively.

Losses on disposals and other transactions

Losses on disposals and other transactions for the three and six months ended June 30, 2024 mostly reflects a provision for a pre-tax cost of $18 million to be incurred as part of the discontinuation of the Genesee CCS project related to termination of sequestration hub evaluation work (see Significant events).

Other items from joint ventures

Other items from joint ventures includes Capital Power's share of finance expense, depreciation expense and unrealized changes in fair value of derivative instruments from our York Energy, Midland Cogen and Harquahala joint ventures, which are accounted for under the equity method. Other items from joint ventures increased compared with 2023 primarily due to the acquisition of the Harquahala joint venture in the first quarter of 2024.

Income tax expense

Income tax expense for the three and six months ended June 30, 2024, decreased compared with the corresponding period in 2023 primarily due to lower overall consolidated net income before tax.

Non-controlling interests

Non-controlling interests mostly consists of the Genesee Mine partner's share of the consolidated depreciation expense of the Genesee Mine. The Genesee Mine was fully depreciated at the end of 2023.

COMPREHENSIVE INCOME

($ millions)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Net income	76	85	281	370
Other comprehensive income (loss):				
Net unrealized gains (losses) on derivative instruments	20	(134)	90	(11)
Net realized losses (gains) on derivative instruments reclassified to net income	(11)	115	(8)	143
Equity-accounted investments	1	-	6	(2)
Unrealized foreign exchange gains (losses) on the translation of foreign operations	29	(28)	68	(31)
Total other comprehensive income (loss), net of tax	39	(47)	156	99
Comprehensive income	**115**	**38**	**437**	**469**

Other comprehensive income includes fair value adjustments on financial instruments to hedge market risks and which meet the requirements of hedges for accounting purposes. To the extent that such hedges are ineffective, any related gains or losses are recognized in net income. Other unrealized fair value changes on derivative instruments designated as cash flow hedges and foreign currency translation gains or losses are subsequently recognized in net income when the hedged transactions are completed and the foreign operations are disposed of or otherwise terminated.

FINANCIAL POSITION

The significant changes in the consolidated statements of financial position from December 31, 2023 to June 30, 2024 were as follows:

($ millions)	June 30, 2024	December 31, 2023	Increase (decrease)	Acquisition through business combination[1]	Other	Primary reason for increase (decrease)
Trade and other receivables	579	747	(168)	26	(194)	Timing of AESO pool receipt receivables combined with lower amount resulting from lower Alberta pool prices and generation compared to December 2023.
Government grant receivable	340	269	71	-	71	Accrual of Clean Technology investment tax credits (ITCs) on the Halkirk 2 Wind and York Energy and Goreway BESS projects.
Equity-accounted investments	821	455	366	-	366	Acquisition of Harquahala in the first quarter of 2024 (see Significant events)
Intangible assets and goodwill	872	775	97	188	(91)	Use of emission credits for plant compliance and ongoing amortization.
Property, plant and equipment	7,798	6,557	1,241	834	407	Ongoing construction of Genesee Repowering, Ontario growth projects, and Halkirk 2 Wind. Partially offset by ongoing depreciation.
Trade and other payables	705	717	(12)	114	(126)	Lower trading margin account payables driven by decreasing forward natural gas prices on net forward purchase contracts, the impact of lower accrued power costs for commercial and industrial customers due to lower Alberta pool pricing and settlement of prior years emission compliance liability.
Subscription receipts liability	-	399	(399)	-	(399)	Conversion of subscription receipts to common shares

($ millions)	June 30, 2024	December 31, 2023	Increase (decrease)	Acquisition through business combination[1]	Other	Primary reason for increase (decrease)
						upon the closing of the La Paloma and Harquahala acquisitions in February 2024.
Net derivative financial instruments assets (liabilities)	25	(248)	273	-	273	Reversal of unrealized losses on power positions that settled during the year as well as the impact of decreasing forward power pricing on forward sales contracts, and reversal of unrealized losses on foreign exchange. These were partially offset by the reversal of unrealized gains on natural gas positions that settled during the year as well as the impact of decreasing forward natural gas pricing on forward purchase contracts.
Loans and borrowings (including current portion)	4,999	4,716	283	-	283	Issuance of $450 million Subordinated Notes (see Significant events) and increased draw on Canadian credit facility utilization. Partly offset by repayments of U.S. credit facilities, Canadian dollar bank loans and allocation of income tax benefits to tax-equity investors associated with the Company's tax-equity structures.
Net deferred tax liabilities	756	661	95	-	95	Recognition of taxable temporary differences that will reverse in the future, and changes in derivative financial instrument balances.
Net deferred revenue and other liabilities	416	302	114	-	114	Accrual of Clean Technology ITCs on the Halkirk 2 Wind and York Energy and Goreway BESS projects and deferred financing on capital projects.

1 Includes the impact of assets and liabilities acquired through the La Paloma acquisition (see Significant events).

LIQUIDITY AND CAPITAL RESOURCES

($ millions)	Six months ended June 30		
Cash inflows (outflows)	2024	2023	Change
Operating activities	470	360	110
Investing activities	(1,666)	(217)	(1,449)
Financing activities	105	(346)	451

Operating activities

Cash flows from operating activities for the six months ended June 30, 2024, increased compared with the same period in 2023 mainly due to favourable changes in non-cash operating working capital (see Financial position), realized settlement of interest rate swaps and reduced income taxes paid.

Partially offsetting the above increases are unfavourable changes in adjusted EBITDA described in the Consolidated Net Income and Results of Operations and fair value changes in the first half of 2024 compared with the same period in 2023, most notably driven by the impact of greater decreasing forward power prices on net forward sale contracts in 2023. These fair value changes in certain unsettled derivative financial instruments are credited to the Company's bank margin account held with a specific exchange counterparty.

Investing activities

Cash flows used in investing activities for the six months ended June 30, 2024 increased compared with the same period in 2023 due to the acquisitions of La Paloma and Harquahala in February of 2024 (see Significant events) and higher capital expenditures for the construction of repowering of Genesee 1 and 2, Ontario growth projects, Halkirk 2 Wind and commercial initiatives.

Capital expenditures and investments

($ millions)	Pre-2023 actual	Six months ended June 30, 2024 actual	Balance of 2024 estimated [1,2]	Actual or projected total [2]	Targeted completion
Repowering of Genesee 1 and 2 [3]	1,053	223	274 to 374	1,550 to 1,650	Fourth quarter of 2024
Halkirk 2 Wind [4]	69	116	160	345	Fourth quarter of 2024
Ontario growth projects [5]	19	93	260	600	York and Goreway BESS in 2025 East Windsor Expansion in 2026
Maple Leaf Solar	2	-	14	219	Fourth quarter of 2026
Hornet Solar [3]	6	-	10	187	Second half of 2026
Bear Branch Solar [3]	6	-	6	103	Second half of 2026
Commercial initiatives [6]	214	39	28		
Development sites and projects	63	-	-		
Subtotal growth projects		**471**	**752 to 852**		
Sustaining – plant maintenance excluding Genesee mine		67			
Total capital expenditures [7]		**538**			
Emission credits held for compliance		13			
Capitalized interest		(30)			
Additions of property, plant and equipment and other assets		**521**			
Change in other non-cash investing working capital and non-current liabilities		(77)			
Purchase of property, plant and equipment and other assets, net		**444**			

1 The Company's 2024 estimated capital expenditures include only expenditures for previously announced growth projects and exclude other potential new development projects.

2 Projected capital expenditures to be incurred over the life of the ongoing projects are based on management's estimates. Projected capital expenditures for development sites are not reflected beyond the current period until specific projects reach the advanced development stage.

3 See Significant events.

4 On June 27, 2024, the Company received a ruling from Alberta Utilities Commission (AUC) approving 28 of 31 of the turbines originally planned for the project. Management is currently assessing its options, including appealing the AUC's decision.

5 Projected total costs have been revised for reduced lithium carbonate commodity costs due to contract execution with supplier.

6 Commercial initiatives include expected spending on various projects designed to either increase the capacity or efficiency of their respective facilities or to reduce emissions.

7 Capital expenditures include capitalized interest. Capital expenditures excluding capitalized interest are presented on the consolidated statements of cash flows as purchase of property, plant and equipment and other assets, net.

Financing activities

Cash flows from financing activities increased in the six months ended June 30, 2024, mainly due to the issuance of $450 million Subordinated Notes (see Significant events), lower net repayments of loans and borrowings and lower cash dividends paid due to the reinstatement of the Dividend Reinvestment Plan in the third quarter of 2023.

The Company's credit facilities consisted of:

($ millions)		At June 30, 2024			At December 31, 2023		
	Maturity timing	**Total facilities**	**Credit facility utilization**	**Available**	**Total facilities**	**Credit facility utilization**	**Available**
Committed credit facilities	2029	1,000			1,000		
Letters of credit outstanding			-			-	
Bankers' acceptances outstanding			104			-	
Bank loans outstanding [1]			49			266	
		1,000	153	847	1,000	266	734
Bilateral demand credit facilities	N/A	1,400			1,387		
Letters of credit outstanding			638			559	
		1,400	638	762	1,387	559	828
Demand credit facilities	N/A	25	-	25	25	-	25
		2,425	**791**	**1,634**	**2,412**	**825**	**1,587**

[1] U.S. dollar denominated bank loans outstanding totaling US$36 million (December 31, 2023 – US$201 million).

At June 30, 2024, the committed credit facility utilization decreased $113 million compared with December 31, 2023 due to repayment of U.S. bank loans partially offset by increased Canadian bank loans. The available credit facilities provide adequate funding for ongoing development projects.

Capital Power has surety capacity to accommodate, as part of normal course of operations, the issuance of bonds for certain capital projects and contracts. At June 30, 2024, $78 million of bonds were issued under these facilities (December 31, 2023 - $77 million).

Capital Power has a corporate credit rating of BBB- with a stable outlook from Standard & Poor's (S&P) which was affirmed in March 2024. The BBB rating category assigned by S&P is the fourth highest rating of S&P's ten rating categories for long-term debt obligations. According to S&P, a BBB corporate credit rating exhibits adequate capacity to meet financial commitments; however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

Capital Power has a corporate credit rating of BBB (low) with a stable trend from DBRS Limited (DBRS), which was affirmed in April 2024. On June 5, 2024, DBRS placed Capital Power's Series 1 Hybrid notes under review with developing implications citing the Series 2 Hybrid notes would rank above the Series 1 notes in the event of insolvency. Resolution of the Under Review action is expected over the next few months. The BBB rating category assigned by DBRS is the fourth highest rating of DBRS's ten rating categories for long-term debt obligations. According to DBRS, long-term debt rated BBB is of adequate credit quality and the capacity of the payment of financial obligations is considered acceptable but the entity is vulnerable to future events.

The above credit ratings from S&P and DBRS are investment grade credit ratings which enhance Capital Power's ability to re-finance existing debt as it matures and to access cost competitive capital for future growth.

Future cash requirements

The following estimates of future cash requirements are subject to variable factors including those discussed in Forward-looking Information. Capital Power's expected cash requirements for 2024 include:

($ millions)	Six months ended June 30, 2024 actual	Balance of 2024 estimated	Total 2024 expected cash requirements
Repayment of debt payable [1]	39	489	528
Interest on loans and borrowings	59	165	224
Capital expenditures – sustaining	81	112	193
Capital expenditures – ongoing growth projects [2]	455	795	1,250
Capital expenditures – commercial initiatives	39	28	67
Common share dividends [3]	119	129	248
Preferred share dividends	18	14	32
	810	**1,732**	**2,542**

1 Excludes repayment of credit facilities.

2 Includes repayments of deferred capital expenditures on the Genesee 1 and 2 Repowering project.

3 Includes 6% annual dividend growth (see Subsequent events).

Capital Power uses a short-form base shelf prospectus to provide it with the ability, market conditions permitting, to obtain new debt and equity capital when required. Under the short-form base shelf prospectus, Capital Power may issue an unlimited number of common shares, preferred shares, subscription receipts exchangeable for common shares and/or other securities of Capital Power and/or debt securities, including up to $3 billion of medium-term notes by way of a prospectus supplement. This prospectus expires in July 2026.

If the Canadian and U.S. financial markets become unstable, Capital Power's ability to raise new capital, to meet our financial requirements, and to refinance indebtedness under existing credit facilities and debt agreements may be adversely affected. Capital Power has credit exposure relating to various agreements, particularly with respect to our PPA, energy supply contract, trading and supplier counterparties. While Capital Power continues to monitor our exposure to significant counterparties, there can be no assurance that all counterparties will be able to meet their commitments. See Risks and Risk Management for additional discussion on recent developments pertaining to these risks and Capital Power's risk mitigation strategies.

Off-statement of financial position arrangements

At June 30, 2024, Capital Power has $638 million of outstanding letters of credit for collateral support for trading operations, conditions of certain service agreements, and to satisfy legislated reclamation requirements and $78 million of surety bonds issued for certain capital projects and contracts.

If Capital Power were to terminate these off-statement of financial position arrangements, the penalties or obligations would not have a material impact on our financial condition, results of operations, liquidity, capital expenditures or resources.

Capital resources

($ millions)	As at	
	June 30, 2024	**December 31, 2023**
Loans and borrowings	4,999	4,716
Subscription receipts [1]	-	399
Lease liabilities [2]	158	147
Less cash and cash equivalents	(332)	(1,423)
Net debt	4,825	3,839
Share capital	3,954	3,524
Deficit and other reserves	(76)	(334)
Non-controlling interests	(5)	(4)
Total equity	3,873	3,186
Total capital	**8,698**	**7,025**

1 Capital Power's obligation for converting subscription receipts to common shares of Capital Power that have been converted upon the closing of the La Paloma acquisition (see Significant events) in February 2024.

2 Includes the current portion presented within deferred revenue and other liabilities.

CONTINGENT LIABILITIES, OTHER LEGAL MATTERS AND PROVISIONS

Refer to Contractual Obligations, Contingent Liabilities, Other Legal Matters and Provisions discussion in our 2023 Integrated Annual Report for details on ongoing legal matters for which there were no notable updates in the current period.

Contingent liabilities

Capital Power and our subsidiaries are subject to various legal claims that arise in the normal course of business. Management believes that the aggregate contingent liability of the Company arising from these claims is immaterial and therefore no provision has been made.

RISKS AND RISK MANAGEMENT

For the six months ended June 30, 2024, Capital Power's business, operational and climate-related risks and opportunities have remained consistent with those described in our 2023 Integrated Annual Report.

Details around Capital Power's approach to risk management, including principal risk factors and the associated risk mitigation strategies, are described in our 2023 Integrated Annual Report. These factors and strategies have not changed materially in the six months ended June 30, 2024.

ENVIRONMENTAL MATTERS

Capital Power recorded decommissioning provisions of $352 million at June 30, 2024 ($324 million at December 31, 2023) for our generation facilities and the Genesee Mine as it is obliged to remove the facilities at the end of their useful lives and restore the facility and mine sites to their original condition. Decommissioning provisions for the Genesee Mine were incurred over time as new areas were mined, and a portion of the liability is settled over time as areas are reclaimed prior to final pit reclamation. The timing of reclamation activities could vary and the amount of decommissioning provisions could change depending on potential future changes in environmental regulations and the timing of any facility fuel conversions.

Capital Power has forward contracts to purchase environmental credits totaling $1,586 million and forward contracts to sell environmental credits totaling $1,265 million in future years. Included within these forward purchases and sales are net purchase amounts which will be used to comply with applicable environmental regulations and net sale amounts related to other emissions trading activities.

REGULATORY AND GOVERNMENT MATTERS

Refer to Regulatory Matters discussion in the Company's 2023 Integrated Annual Report for further details that supplement the recent developments discussed below:

Canada

Federal Budget 2024

Budget 2024 was tabled on April 16, 2024, and provides an update on the status of previously announced clean energy investment tax credits (ITC) noting that they are expected to be delivered by the end of 2024. Bill C-59 (which includes the CCUS ITC and Clean Technology ITC) received Royal Assent on June 20, 2024. Capital Power's Halkirk 2 Wind, Goreway BESS and York BESS projects are expected to be eligible for the Clean Technology ITC and an accrual of $66 million, based on the respective project-to-date spend, was recorded in the second quarter of 2024.

Bill C-59 also introduced key amendments to Section 74.01 of the Competition Act ("Act") to address "greenwashing", with the key changes being: (i) The Act now targets environmental claims that promote the environmental, social, and ecological benefits of using or supplying a product if the claim is not based on an adequate and proper test. More broadly, it also targets environmental claims that promote the environmental and ecological benefits of a business or business activity that are not based on adequate and proper substantiation in accordance with an internationally recognized methodology. (ii) Both of these sections also place the burden of proof on the entity making the environmental claim to demonstrate compliance with these provisions. The Competition Bureau has indicated that the Bureau intends to consult Canadians in order to frame its guidance around the implementation and enforcement of the Bill C-59 amendments.

Environment and Climate Change Canada (ECCC) Draft Clean Electricity Regulations (the "Draft CER")

On February 16, 2024, Environment and Climate Change Canada (ECCC) proposed a new concept to address the serious concerns raised by stakeholders across Canada regarding the draft Clean Electricity Regulations (CER).

The proposed concept is based on setting unit-specific annual emissions limits and would allow for pooling of emissions limits by owners/operators of multiple units within the same jurisdiction as well as limited use of offsets as a compliance option. The ultimate workability will depend on key design details that still need to be finalized by ECCC. Management submitted comments on the proposed concept on March 15, 2024 and continues to follow up with key officials at ECCC. The final regulations are planned for release by the end of 2024.

Alberta

Alberta Market Reforms

On July 11, 2024, the Minister of Affordability and Utilities announced policy decisions that direct the AESO's technical design of the Restructured Energy Market (REM). Specifically, this includes moving forward with a day ahead market, allowing price to be determined by strategic offers of market participants, mitigating the market to limit the potential for excessive exercises of market power, a review of the price cap and floor, and market operational changes (security constrained dispatch and co-optimized dispatch, and shortened settlement intervals). Management views the decision to maintain competitive forces in the market over introducing administrative pricing (which was a feature of the AESO's initial REM proposal) positively as it maintains much of the existing pricing framework. Consultation on market reform will occur over the second half of the year with the intent that implementation could be as soon as the end of 2025. Management will fully participate in the forthcoming AESO consultation.

Expedited ISO rules to implement the two interim regulations announced on March 11, 2024, namely the *Market Power Mitigation Regulation* and the *Supply Cushion Regulation*, were approved by the AUC on June 19, 2024 and came into effect on July 1, 2024. The AUC has initiated a process to consider the AESO's request for final approval of these rules. Management is participating in this process.

Transmission Policy Review

On July 11, 2024, the Minister also announced policy direction on long-standing transmission policy. On a go forward basis the policy direction is to move away from the current zero-congestion transmission planning standard to an optimally planned transmission planning standard where costs of transmission is evaluated against the benefits. For new transmission infrastructure, costs will be allocated based on cost causation principles, similarly all ancillary services costs will be allocated to those that cause the cost. This is a shift away from the load-pays policy as generators will now also incur cost should they cause them. These changes will be integrated in the AESO's market reform engagement where Management will fully participate.

Renewables Approval Pause and Permitting Changes

On February 29, 2024 the Alberta Government's pause on renewable generation facility approvals was lifted and additional clarity was provided on policies for siting renewable generation. This includes: an "agriculture first" approach to land-use where renewable projects will have to demonstrate that it co-exists with agricultural use; a buffer zone for renewable development around specific viewscapes where wind projects will not be permitted and where other projects will be required to undertake a visual impact assessment; creation of standards for reclamation security; and plans for an engagement on use of Crown lands for renewable development. The AUC has started consulting on necessary changes to its rules as a result of these changes and management is participating as appropriate.

Technology Innovation and Emissions Reduction (TIER) Regulation Amendments

On November 22, 2022, the Government of Canada announced that Alberta's Technology, Innovation and Emissions Reduction (TIER) framework for industrial emissions will remain in effect for the period 2023-2030. On December 15, 2022, Alberta Environment and Protected Area (AEPA) released the TIER Amendment Regulation. As part of the TIER amendments, the electricity benchmark will decline by 2% per year starting on January 1, 2023 reaching 0.3108 tCO_2e/MWh in 2030. In 2024, the electricity benchmark is 0.3552 tCO_2e/MWh.

The Minister of Environment and Protected Areas signed the Ministerial Order for Alberta's carbon price for 2023-2030 which confirmed that Alberta's carbon price will match the Federal carbon price over the period. Alberta's carbon price in 2024 is \$80/tCO_2e and is expected to increase annually by \$15/tCO_2e per year reaching \$170 in 2030.

The TIER amendments also increase the emission performance credit and emission offset credit usage limit from the current 60% level to 90% for 2026 forward but reduced the credit usage period from eight years to five years. Only new offsets with 2023 vintages and later expire after five years while offset and emission credits with 2017-2022 vintages will continue to have eight years credit expiry.

Ontario

Emissions Performance Standards (EPS)

The Ontario Minister of the Environment, Conservation and Parks (MECP) amended the EPS to meet stricter benchmark criteria set by the Federal Government and to extend the program to 2030, effective January 1, 2023.

Under the EPS, the carbon price will align with the minimum Federal carbon price of \$80/tCO2e for the 2024 compliance period, increasing by \$15 per year to \$170 for the 2030 compliance period. The performance standard for generating electricity using fossil fuels declined from 0.370 tCO2e/MWh to 0.310 tCO2e/MWh effective 2023 and will remain at that level until 2030.

The contracts for the Company's York Energy, East Windsor and Goreway facilities have provisions that trigger amendments as a result of changes in GHG cost, the effect of which will limit the impact of changes to carbon compliance costs.

Market Renewal Program (MRP)

Ontario's MRP is a set of coordinated market and Independent Electricity System Operator (IESO) system reforms intended to improve market transparency, competitiveness, and real-time unit scheduling. It will introduce locational marginal pricing and a financially binding day ahead market. The IESO is targeting May 1, 2025 for the transition to the new market and is now in the final stages of implementation with system tests cases, market rule amendments, and detailed settlement calculations all being released to stakeholders. Management continues to participate in MRP stakeholder engagement sessions, consultation processes, and working groups in preparation for the transition to the new market design.

Annual Planning Outlook (APO)

Ontario's IESO released their latest APO on March 27, 2024. The IESO continues to project significant growth in electricity demand driven by increased manufacturing, population growth, and the electrification of transportation, mining, and steel industries. The IESO is forecasting electricity demand to increase 60% over the next 25 years, increasing from 154 TWh in 2025 to 245 TWh by 2050.

The IESO has successfully procured capacity through several expedited and streamlined competitive procurements to address capacity and reliability concerns that were forecast to surface mid-decade. The Company participated in these procurements and was awarded five contracts including the East Windsor Generation Facility Expansion Project, Goreway Power Station Upgrade Project, York Energy Centre Upgrades Project, Goreway BESS Project, and York BESS Project.

The APO articulates the importance of a cadence and flexible approach to energy and capacity procurements if the IESO is to meet Ontario's near- and long-term electricity needs. The document shows that increasing demand and contract expiry with existing generating resources will lead to an emergence of a 5,000 MW supply shortfall and 15 TWh energy need in the 2030s. The IESO is planning to launch their next long-term procurement later this year to address this shortfall and hopes to secure 5 TWh of new non-emitting energy as part of this procurement. The IESO is also planning to launch a competitive procurement to provide an opportunity for non-emitting assets to enter into a new five-year contract upon the expiry of their existing contract.

Management believes Ontario's overall electricity needs and the IESO's commitment to awarding contracts through competitive procurements will continue to provide opportunities for the Company, including possible recontracting opportunities for existing assets. Management remains involved in the IESO's engagements related to both their APO and procurements.

Electrification and Energy Transition Panel

In 2022, the Ministry of Energy established the Electrification and Energy Transition Panel to be a short-term advisory body to help the government prepare for the energy transition. The government released the Panel's final report in January 2024, in which they provided 29 recommendations related to governmental commitments, regulatory policies, Indigenous relations, and stakeholder engagement. The Panel flagged the need for further policy direction for the role of natural gas within the energy transition, integrated long-term energy planning between electricity and natural gas, and a review of Ontario Energy Board activities to ensure they remain consistent with the goals of a clean energy economy. The government is currently reviewing all recommendations from the Panel but did acknowledge that the final report builds on their Powering Ontario's Growth Plan and supports the government's view that natural gas will continue to be an important part of Ontario's energy mix until other energy sources like new nuclear energy can be deployed.

British Columbia

BC Hydro Integrated Resource Plan (IRP)

In June 2024, BC Hydro initiated consultation on its planned 2025 Integrated Resource Plan (IRP) with further consultation is expected to occur later in 2024. Management will continue to monitor and participate in this process as necessary.

United States

Recent Supreme Court Decisions

In July 2024, the US Supreme Court overturned the *Chevron* doctrine, a framework that gave deference to federal agency expertise in making decisions where federal statutes are silent or ambiguous to certain issues. The authority to determine reasonable readings of ambiguous laws will now reside more clearly with the judicial branch of government, and future legislation will require Congress to draft much more precise legislative provisions that may face additional challenges when going through the legislative process.

The Supreme Court also granted a preliminary injunction request against the EPA's updated Good Neighbor Plan, which addresses interstate emissions that hurt downwind states' ability to meet the Clean Air Act Standards for ozone. The stay signals that a majority on the US Supreme Court believe that the opponents of the Good Neighbor Plan are likely to succeed on the merits of their litigation against the EPA rule. Without *Chevron*, it will be difficult for the EPA to prove they were acting within their statutory authority in updating the plan, and the Supreme Court decision eases states' requirements to reduce NOx emissions from covered sources, including fossil power plants. Capital Power has existing operations in 2 (Michigan and Alabama) of the 23 total Good Neighbor Plan States, and Management is working with legal counsel to determine the implications for Midland Cogeneration and Decatur in the event the Good Neighbor Plan is overturned.

U.S. Clean Air Act

On May 23, 2023, the EPA announced a proposed rule that aims to curb GHG emissions for coal-, gas-, and oil-fired power plants that run at least 50% of the time, with initial requirements for gas-fired power plants beginning as early as 2032. The original proposal would have required existing gas plants to utilize hydrogen co-firing or CCS within the next decade and the emission guidelines proposal will apply to existing natural gas power plants facilities with a 300 MW capacity or higher; however, in March 2024 the EPA announced plans to remove existing facilities from the scope of the proposed rule. A final rule was unveiled in May 2024, and covers new and modified gas- and oil-fired power plants. Capital Power's current fleet in the United States would not fall under the scope of this rule, but the risk assessment of the natural gas fleet will change depending upon future expansion plans at existing sites. Additional turbines added to existing plants may be required to convert to hydrogen co-firing or utilize carbon capture in accordance with the EPA rule. The final rule is likely to be subject to litigation challenges, especially in light of the Chevron doctrine being overturned.

A future, separate rulemaking is anticipated for existing facilities, and the timing of that proposal is largely dependent upon the November 2024 election results. The outcome of legal challenges against the finalized rule for new and modified power plants will also influence the regulatory appetite to open a rulemaking docket for existing facilities.

California Climate Disclosure Legislation

In the fourth quarter of 2023, the California legislature passed two bills that will require certain companies doing business in California to disclose their climate-related financial risks and their scope 1, 2, and 3 GHG emissions. These new laws were the first of their kind in the United States and have compliance deadlines of 2026, and 2027, respectively. The legislation requires the California Air Resources Board (CARB) to issue a formal rulemaking process prior to implementation of the laws, which is expected to occur later this year. Following the acquisition of the La Paloma Generating Plant in McKittrick, CA, Capital Power will be required to disclose climate related information in the state in accordance with these requirements. In July 2024, the Governor of California unveiled a plan to postpone implementation of both pieces of legislation until 2028. The state legislature has the ultimate authority in delaying climate disclosure reporting and there is currently no appetite among lawmakers to move the compliance deadline. Management will continue to monitor this situation as things progress.

The legislature also passed a law that will require companies that purchase or sell voluntary carbon offsets (VCOs) to disclose specific information on the transactions. The original bill text was relatively vague and clarifying legislative activities are currently ongoing. It is expected that Capital Power will be required to disclose the purchase and sale of VCOs in the state starting in January 2025.

Washington State Carbon Market Legislation

In March 2024, the Washington legislature voted in favor of linking the statewide carbon trading market with California and Quebec. California and Quebec must now go through their own regulatory processes to determine whether to link with Washington, and the WA Department of Ecology would need to engage a formal rulemaking process.

Further, in November 2024, voters in Washington state will consider a ballot initiative (Initiative 2117) that would repeal the cap-and-invest program designed to reduce GHG emissions by 95% by 2050. If successful, the carbon trading market in Washington would cease to exist, and the linkage efforts highlighted above would terminate. The Frederickson 1 Generating Station will not likely be financially impacted by Initiative 2117, as its carbon costs will be covered by Morgan Stanley or PSE through September 2030. Our Environmental Trading Desk participates in the auctions and Management is working with industry association partners to discuss options on potential safeguards if Initiative 2117 passes.

USE OF JUDGMENTS AND ESTIMATES

In preparing the condensed interim consolidated financial statements, management made judgments, estimates and assumptions that affect the application of Capital Power's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. There have been no significant changes to Capital Power's use of judgments and estimates as described in our 2023 Integrated Annual Report.

FINANCIAL INSTRUMENTS

The classification, carrying amounts and fair values of financial instruments held at June 30, 2024 and December 31, 2023 were as follows:

($ millions)		June 30, 2024		December 31, 2023	
	Fair value hierarchy level [1]	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets:					
Amortized cost					
Cash and cash equivalents	N/A	332	332	1,423	1,423
Trade and other receivables [2]	N/A	520	520	689	689
Government grant receivable [3]	Level 2	399	363	327	295
Fair value through income or loss					
Derivative financial instruments assets [4]	See below	532	532	284	284
Fair value through other comprehensive income					
Derivative financial instruments assets [4]	See below	103	103	68	68
Financial liabilities:					
Other financial liabilities					
Trade and other payables	N/A	705	705	717	717
Subscription receipts	N/A	-	-	399	399
Loans and borrowings [3]	Level 2	4,999	5,031	4,716	4,690
Fair value through income or loss					
Derivative financial instruments liabilities [4]	See below	593	593	536	536
Fair value through other comprehensive income					
Derivative financial instruments liabilities [4]	See below	17	17	64	64

1 Fair values for Level 1 financial assets and liabilities are based on unadjusted quoted prices in active markets for identical instruments while fair values for Level 2 financial assets and liabilities are generally based on indirectly observable prices. The determination of fair values for Level 3 financial assets and liabilities is prepared by appropriate subject matter experts and reviewed by the Company's commodity risk group and by management.

2 Excludes current portion of government grant receivable.

3 Includes current portion.

4 Includes current and non-current.

Risk management and hedging activities

There have been no material changes in the six months ended June 30, 2024 to our risk management and hedging activities as described in our 2023 Integrated Annual Report.

The derivative financial instruments assets and liabilities held at June 30, 2024 compared with December 31, 2023 and used for risk management purposes were measured at fair value and consisted of the following:

($ millions)		At June 30, 2024				
	Fair value hierarchy level	**Commodity cash flow hedges**	**Commodity non-hedges**	**Interest rate cash flow hedges**	**Foreign exchange cash flow hedges**	**Total**
Derivative financial instruments assets	Level 2	58	438	44	1	541
	Level 3	-	94	-	-	94
		58	532	44	1	635
Derivative financial instruments liabilities	Level 2	(5)	(298)	(12)	-	(315)
	Level 3	-	(295)	-	-	(295)
		(5)	(593)	(12)	-	(610)
Net derivative financial instruments assets (liabilities)		**53**	**(61)**	**32**	**1**	**25**

($ millions)		At December 31, 2023				
	Fair value hierarchy level	**Commodity cash flow hedges**	**Commodity non-hedges**	**Interest rate cash flow hedges**	**Foreign exchange cash flow hedges**	**Total**
Derivative financial instruments assets	Level 2	26	268	42	-	336
	Level 3	-	16	-	-	16
		26	284	42	-	352
Derivative financial instruments liabilities	Level 2	(22)	(223)	(14)	(28)	(287)
	Level 3	-	(313)	-	-	(313)
		(22)	(536)	(14)	(28)	(600)
Net derivative financial instruments assets (liabilities)		**4**	**(252)**	**28**	**(28)**	**(248)**

Commodity, interest rate and foreign exchange derivatives designated as accounting hedges

Unrealized gains and losses for fair value changes on commodity, interest rate and foreign exchange derivatives that qualify for hedge accounting are recorded in other comprehensive income (loss) and, when realized, are reclassified to net income as revenues, energy purchases and fuel, finance expense or foreign exchange gains and losses as appropriate. When interest rate derivatives are used to hedge the interest rate on a future debt issuance, realized gains or losses are deferred within accumulated other comprehensive income (loss) and recognized within finance expense over the life of the debt, consistent with the interest expense on the hedged debt. When foreign exchange derivatives are used to hedge the risk of variability in cash flows resulting from foreign currency exchange rate fluctuations on future capital expenditures, realized gains and losses are deferred within accumulated other comprehensive income (loss) and then recorded in property, plant and equipment and amortized through depreciation and amortization over the estimated useful life of the hedged property, plant and equipment.

Commodity, interest rate and foreign exchange derivatives not designated as accounting hedges

The change in fair values of commodity derivatives not designated as hedges is primarily due to changes in forward power and natural gas prices and their impact on the Alberta and U.S. portfolio. Unrealized and realized gains and losses for fair value changes on commodity derivatives that do not qualify for hedge accounting are recorded in net income as revenues or energy purchases and fuel.

Unrealized and realized gains and losses on foreign exchange derivatives and interest rate derivatives that are not designated as hedges for accounting purposes are recorded in net income as foreign exchange gains or losses and net finance expense, respectively.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

With the exception of the acquisitions of La Paloma and Harquahala (see Significant events), which is being integrated into Capital Power's systems of internal controls, there were no significant changes in Capital Power's disclosure controls and procedures and internal controls over financial reporting that occurred during the six months ended June 30, 2024 that have materially affected or are reasonably likely to materially affect disclosures of required information and internal control over financial reporting.

SUMMARY OF QUARTERLY RESULTS

(GWh)	Three months ended							
Electricity generation	**Jun 2024**	**Mar 2024**	**Dec 2023**	**Sep 2023**	**Jun 2023**	**Mar 2023**	**Dec 2022**	**Sep 2022**
Total generation	8,603	8,809	8,692	8,521	7,857	7,417	8,049	6,993
Alberta commercial facilities								
Genesee 1	46	700	801	829	793	809	869	863
Genesee 1 Repowered [1]	616	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Genesee 2	343	687	848	798	759	883	916	803
Genesee 2 Repowered [2]	118	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Genesee 3	905	1,001	1,017	1,023	1,000	998	543	988
Clover Bar Energy Centre 1, 2 and 3	129	165	163	294	130	150	278	218
Joffre	139	215	138	110	150	154	45	135
Shepard	552	820	781	768	741	715	829	824
Halkirk Wind	106	109	139	85	107	122	139	87
Clover Bar Landfill Gas	-	-	-	2	1	3	2	2
	2,954	3,697	3,887	3,909	3,681	3,834	3,621	3,920
Western Canada facilities								
Island Generation	-	34	-	-	2	-	4	-
Quality Wind	93	87	135	74	73	104	124	93
EnPower	3	6	5	4	3	4	4	2
Whitla Wind	338	325	345	222	280	384	381	238
Strathmore Solar	25	13	7	24	28	12	10	26
Clydesdale Solar [3]	52	32	7	57	54	27	6	N/A
	511	497	499	381	440	531	529	359
Ontario facilities								
York Energy	12	6	4	8	3	4	5	8
East Windsor	2	12	3	5	3	1	4	6
Goreway	552	799	552	800	608	358	655	721
Kingsbridge 1	19	28	28	11	16	31	36	14
Port Dover and Nanticoke	63	82	81	41	54	87	91	50
	648	927	668	865	684	481	791	799
U.S. facilities								
Decatur Energy, Alabama	883	455	666	723	494	240	617	785
Arlington Valley, Arizona	795	840	1,067	1,007	908	513	907	685
Beaufort Solar, North Carolina	7	7	6	8	8	6	5	8
Bloom Wind, Kansas	184	174	169	107	153	186	171	126
Macho Springs Wind, New Mexico	41	41	26	21	41	44	31	17
New Frontier Wind, North Dakota	107	89	110	74	83	108	117	83
Cardinal Point Wind, Illinois	143	165	167	69	134	174	170	86
Buckthorn Wind, Texas	99	96	94	81	77	108	82	64
Midland Cogeneration, Michigan [4]	1,444	1,298	1,333	1,276	1,154	1,192	1,008	61
Frederickson 1, Washington [5]	137	246	N/A	N/A	N/A	N/A	N/A	N/A
Harquahala, Arizona [6]	333	-	N/A	N/A	N/A	N/A	N/A	N/A
La Paloma, California [7]	317	277	N/A	N/A	N/A	N/A	N/A	N/A
	4,490	3,688	3,638	3,366	3,052	2,571	3,108	1,915

1 Genesee Repowered 1 simple cycle commissioned May 3, 2024 (see Significant events).
2 Genesee Repowered 2 simple cycle commissioned June 28, 2024 (see Significant events).
3 Clydesdale Solar was commissioned on December 13, 2022.
4 Midland Cogeneration was acquired on September 23, 2022.
5 Frederickson 1 was acquired on December 28, 2023. Due to the proximity of the acquisition to December 31, 2023, generation for the quarter ended December 31, 2023 was immaterial.
6 Harquahala was acquired February 16, 2024 (see Significant events).
7 La Paloma was acquired February 9, 2024 (see Significant events).

(%)	Three months ended							
Facility availability	**Jun 2024**	**Mar 2024**	**Dec 2023**	**Sep 2023**	**Jun 2023**	**Mar 2023**	**Dec 2022**	**Sep 2022**
Total average facility availability	91	94	93	96	95	94	90	96
Alberta commercial facilities								
Genesee 1	100	93	92	95	95	97	99	99
Genesee 1 Repowered [1]	97	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Genesee 2	98	84	96	93	91	100	99	93
Genesee 2 Repowered [2]	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Genesee 3	92	99	100	100	100	99	54	99
Clover Bar Energy Centre 1, 2 and 3	58	56	56	95	47	69	84	93
Joffre	80	100	89	76	95	96	53	81
Shepard	74	98	100	99	98	85	100	98
Halkirk Wind	95	93	95	91	96	97	96	94
Clover Bar Landfill Gas	-	-	-	48	58	83	82	69
	86	90	93	95	91	93	84	95
Western Canada facilities								
Island Generation	100	100	100	100	100	100	91	100
Quality Wind	98	95	98	96	92	98	97	99
EnPower	100	85	91	91	94	73	99	92
Whitla Wind	98	95	96	94	94	98	96	92
Strathmore Solar	97	97	88	97	98	96	100	100
Clydesdale Solar [3]	97	97	88	97	97	97	100	N/A
	98	97	97	97	96	98	95	96
Ontario facilities								
York Energy	100	100	100	99	89	100	100	96
East Windsor	99	99	97	95	99	99	73	93
Goreway	85	99	96	100	98	91	99	100
Kingsbridge 1	94	90	91	92	89	95	98	96
Port Dover and Nanticoke	98	98	97	95	96	96	96	90
	89	99	97	99	96	94	97	98
U.S. facilities								
Decatur Energy, Alabama	98	100	79	98	100	99	76	98
Arlington Valley, Arizona	99	82	98	100	98	81	99	97
Beaufort Solar, North Carolina	99	98	100	99	99	99	99	100
Bloom Wind, Kansas	94	98	96	91	98	97	94	95
Macho Springs Wind, New Mexico	96	96	97	96	98	99	98	97
New Frontier Wind, North Dakota	95	83	91	97	94	95	92	94
Cardinal Point Wind, Illinois	84	87	94	92	95	93	96	96
Buckthorn Wind, Texas	96	96	96	93	94	95	93	92
Midland Cogeneration, Michigan [4]	95	93	93	97	94	95	92	86
Frederickson 1, Washington [5]	50	89	N/A	N/A	N/A	N/A	N/A	N/A
Harquahala, Arizona [6]	80	100	N/A	N/A	N/A	N/A	N/A	N/A
La Paloma, California [7]	94	95	N/A	N/A	N/A	N/A	N/A	N/A
	93	93	90	97	97	94	89	96

1 Genesee Repowered 1 simple cycle commissioned May 3, 2024 (see Significant events).
2 Genesee Repowered 2 simple cycle commissioned June 28, 2024 (see Significant events).

3 Clydesdale Solar was commissioned on December 13, 2022.

4 Midland Cogeneration was acquired on September 23, 2022.

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6 Harquahala was acquired February 16, 2024 (see Significant events).

7 La Paloma was acquired February 9, 2024 (see Significant events).

Financial results

($ millions)	Three months ended							
	Jun 2024	**Mar 2024**	**Dec 2023**	**Sep 2023**	**Jun 2023**	**Mar 2023**	**Dec 2022**	**Sep 2022**
Revenues and other income [1]								
Alberta commercial facilities and portfolio optimization	408	593	596	685	609	681	668	572
Western Canada facilities	37	37	47	32	32	41	41	29
Ontario facilities	82	108	93	94	90	97	118	126
U.S. facilities	176	175	123	121	103	144	186	111
Corporate [2]	2	3	27	35	35	33	33	33
Unrealized changes in fair value of commodity derivatives and emission credits	69	203	98	183	12	271	(117)	(85)
	774	**1,119**	**984**	**1,150**	**881**	**1,267**	**929**	**786**
Adjusted EBITDA [1,3]								
Alberta commercial facilities and portfolio optimization	122	135	169	210	166	235	176	234
Western Canada facilities	27	24	36	18	20	28	28	17
Ontario facilities [4]	55	64	60	58	60	62	67	59
U.S. facilities [4]	157	112	75	130	88	76	48	92
Corporate	(38)	(56)	(27)	(2)	(7)	-	(16)	(19)
	323	**279**	**313**	**414**	**327**	**401**	**303**	**383**

1 Commencing in 2024, the Company reclassified the presentation of U.S. Trading within Alberta portfolio optimization to the U.S. facilities category to better reflect the nature of these activities. Comparatives for revenues and other income and adjusted EBITDA were reclassified to conform to the current presentation.

2 Revenues are offset by interplant category revenue eliminations.

3 Adjusted EBITDA is a non-GAAP financial measure (see Non-GAAP Financial Measures and Ratios).

4 Ontario facilities include adjusted EBITDA from York Energy joint venture and U.S. facilities include adjusted EBITDA from the Midland Cogen and Harquahala joint ventures.

Quarterly revenues, net income and cash flows from operating activities are affected by seasonal weather conditions, fluctuations in U.S. dollar exchange rates relative to the Canadian dollar, power and natural gas prices, planned and unplanned facility outages and items outside the normal course of operations. Net income (loss) is also affected by changes in the fair value of our power, natural gas, interest rate and foreign exchange derivative contracts.

Financial highlights

($ millions except per share amounts)	Three months ended							
	Jun 2024	**Mar 2024**	**Dec 2023**	**Sep 2023**	**Jun 2023**	**Mar 2023**	**Dec 2022**	**Sep 2022**
Revenues and other income	774	1,119	984	1,150	881	1,267	929	786
Adjusted EBITDA [1, 2]	323	279	313	414	327	401	303	383
Net income (loss)	76	205	95	272	85	285	(99)	31
Net income (loss) attributable to shareholders of the Company	75	205	97	274	87	286	(98)	34
Basic earnings (loss) per share ($)	0.51	1.58	0.74	2.27	0.68	2.39	(0.91)	0.21
Diluted earnings (loss) per share ($)[3]	0.51	1.57	0.74	2.26	0.67	2.38	(0.91)	0.20
Net cash flows from (used in) operating activities	136	334	(18)	480	11	349	42	370
Adjusted funds from operations [1]	178	142	162	296	151	210	140	328
Adjusted funds from operations per share ($) [1]	1.37	1.15	1.38	2.53	1.29	1.80	1.20	2.81
Purchase of property, plant and equipment and other assets, net	226	218	244	262	131	86	179	224

1 The consolidated financial highlights, except for adjusted EBITDA, AFFO and AFFO per share were prepared in accordance with GAAP. See Non-GAAP financial measures and ratios.

2 Includes adjusted EBITDA from the York Energy, Midland Cogeneration and Harquahala joint ventures.

3 Diluted earnings (loss) per share was calculated after giving effect to outstanding share purchase options.

	Three months ended							
Spot price averages	**Jun 2024**	**Mar 2024**	**Dec 2023**	**Sep 2023**	**Jun 2023**	**Mar 2023**	**Dec 2022**	**Sep 2022**
Alberta power ($ per MWh)	45	99	82	152	160	142	214	221
Alberta natural gas (AECO) ($ per GJ)	1.14	1.94	2.19	2.49	2.39	3.08	4.91	4.02
Capital Power's Alberta portfolio average realized power price ($ per MWh)	78	82	84	93	85	98	111	101

Factors impacting results for the previous quarters

Significant events and items which affected results for the previous quarters were as follows:

First quarter of 2024 – For the quarter ended March 31, 2024, Capital Power recorded AFFO of $142 million compared to $210 million for the quarter ended March 31, 2023. AFFO was lower than the corresponding period primarily due to lower adjusted EBITDA (see below), higher sustaining capital expenditures as a result of larger outage scope and recent acquisitions, and higher preferred share dividends. This was partially offset by lower current income tax due to lower overall consolidated net income before tax. Adjusted EBITDA of $279 million for the quarter ended March 31, 2024, was lower than the corresponding period in 2023 of $401 million. The decrease was largely due to lower generation and lower power prices captured by our Alberta commercial portfolio, higher fuel costs year-over-year and full recognition of the off-coal compensation from the Province of Alberta at the end of 2023. This was partially offset by lower emissions costs due to use of more natural gas versus coal at the Genesee facilities and increased U.S. facility contributions from Frederickson 1, Harquahala, and La Paloma, which were acquired in December 2023 and February 2024, respectively.

Fourth quarter of 2023 – For the quarter ended December 31, 2023, Capital Power recorded AFFO of $162 million compared to $140 million for the quarter ended December 31, 2022. AFFO was higher than the corresponding period primarily due to lower overall sustaining capital expenditures resulting from less outage activities, and higher adjusted EBITDA (see below). This was partially offset by higher current income tax due to higher overall consolidated net income before tax. Adjusted EBITDA of $313 million for the quarter ended December 31, 2023, was moderately higher than the corresponding period in 2022 of $303 million. The increase was mainly a result of realized gains on the Company's Alberta commercial portfolio optimization activities combined with lower emission compliance expenses driven by use of offsets inventory and the emission reductions resulting from the conversion of G3 from coal to natural gas, and lower transmission costs at the Alberta Commercial facilities which more than offset the lower power prices realized during the quarter compared to the prior period.

Third quarter of 2023 – For the quarter ended September 30, 2023, Capital Power recorded AFFO of $296 million compared to $328 million for the quarter ended September 30, 2022. AFFO was lower than the corresponding period primarily due to higher current income tax due to higher overall consolidated net income before tax, higher finance expense due to the issuance of green hybrid subordinated notes issued in the third quarter of 2022 and lower realized gains on settlement of interest rate derivatives, partially offset by lower sustaining capital expenditure as a result of less outage activities and lower preferred share dividends. Adjusted EBITDA of $414 million for the quarter ended September 30, 2023 was higher than the corresponding period in 2022 of $383 million. Results from Midland Cogeneration, which was acquired in September 2022, more than offset lower contributions from the Company's Alberta Commercial facilities and portfolio optimization due to lower realized power pricing on the portfolio combined with unfavourable fuel costs and higher emission costs due to increased compliance costs.

Second quarter of 2023 – For the quarter ended June 30, 2023, Capital Power recorded AFFO of $151 million compared to $180 million for the quarter ended June 30, 2022. AFFO was lower than the corresponding period primarily due to higher current income tax due to higher overall consolidated net income before tax, higher sustaining capital expenditures mostly related to Genesee sustaining capital related work. Partially offsetting these decreases was higher AFFO from joint ventures due to the acquisition of Midland Cogeneration. Adjusted EBITDA was mainly consistent with the corresponding period with results from the acquisition of Midland Cogeneration partially offset by the Company's Alberta Commercial facilities as outages at Genesee 2 during high Alberta power prices and low wind generation led to the need to procure high-priced MWhs to backstop the portfolio position. Net income attributable to shareholders of $87 million was recorded for the second quarter ended June 30, 2023 compared to $80 million for the quarter ended June 30, 2022. In addition to the factors mentioned above, favourable changes in unrealized gains on commodity derivatives and emission credits, and decreased foreign exchange losses contributed to the increase in net income attributable to shareholders. Favourable changes on commodity derivatives related most notably to the reversal of Alberta and U.S. unrealized positions that settled during the quarter as well as the impact of decreasing forward power prices on forward sale contracts associated with the Company's U.S Wind facilities.

First quarter of 2023 - For the quarter ended March 31, 2023, Capital Power recorded AFFO of $210 million compared to $200 million for the quarter ended March 31, 2022. Contributing to the AFFO for the quarter ended March 31, 2023 was AFFO due to the acquisition of Midland Cogeneration and higher adjusted EBITDA from our Alberta commercial facilities mainly due to higher realized power pricing. In addition, we incurred lower sustaining capital expenditures during the quarter compared to the first quarter of 2022. These favourable impacts to AFFO were partially offset by: higher current income tax expense, lower adjusted EBITDA at Island Generation due to new EPA classification as a finance lease, and lower adjusted EBITDA from our Ontario thermal facilities due to lower dispatch from warmer temperatures and higher renewable generation during the first quarter of 2023 compared to 2022. Net income attributable to shareholders of $286 million was recorded in the first quarter ended March 31, 2023 compared to net income attributable to shareholders of $122 million for the quarter ended March 31, 2022. In addition to the factors mentioned above, further contributions to the net income in the first quarter of 2023 included higher unrealized gains on commodity derivatives and emission credits most notably related to the reversal of Alberta and U.S. unrealized losses on positions that settled in the first quarter of 2023. This was partially offset by unrealized losses on natural gas derivatives due primarily to the reversal of prior period unrealized gains on positions that settled during the quarter as well as the impact of decreasing forward prices on forward purchase contracts.

Fourth quarter of 2022 - For the quarter ended December 31, 2022, Capital Power recorded AFFO of $140 million compared to $149 million for the quarter ended December 31, 2021. Contributing to the AFFO for the quarter ended December 31, 2022 was AFFO due to the acquisition of Midland Cogeneration and higher adjusted EBITDA from our Ontario Contracted facilities mainly driven by more frequent dispatch at Goreway. These favourable impacts to AFFO were partially offset by unfavourable results from our emissions trading portfolio as a result of a strategy to optimize our offset credit inventory and lower adjusted EBITDA at Island Generation due to new EPA classification as a finance lease. In addition, we incurred higher sustaining capital expenditures during the quarter compared to the fourth quarter in 2021, partially offset by lower current income tax expense due to changes in unrecognizable tax benefits, lower amounts attributable to tax-equity interests, and differences associated with applicable jurisdictional tax rates. Net loss attributable to shareholders of $98 million was recorded in the fourth quarter ended December 31, 2022 compared to net loss attributable to shareholders of $65 million for the quarter ended December 31, 2021. In addition to the above mentioned factors, further contributions to the net loss in the fourth quarter of 2022 included higher unrealized losses on commodity derivatives and emission credits of $124 million most notably related to the impact of increasing forward power prices on Alberta net forward sale contracts partially offset by decreasing forward power prices on our U.S. net forward sale contracts, a provision for PPA termination fees on the Bear Branch Solar, Hornet Solar and Hunter's Cove Solar projects and a write-down of inventory related to end-of-life of coal operations at Genesee. In addition, during the fourth quarter of 2021, an impairment loss of $52 million related to the Island Generation facility was recorded with no impairment loss in the current period.

Third quarter of 2022 - For the quarter ended September 30, 2022, Capital Power recorded net income attributable to shareholders of $34 million compared to net income attributable to shareholders of $40 million for the quarter ended September 30, 2021. Decreases in net income were due to higher unrealized losses on commodity derivatives and emission credits in the third quarter of 2022 of $70 million due to the impact of increasing forward power prices on Alberta and U.S. net forward sale contracts and higher unrealized gains on natural gas forward purchase contracts in the prior comparative period. In addition, $31 million of gains on disposals and other transactions was recorded during the three months ended September 30, 2021, including insurance recoveries, net of related expenses to repair Genesee 2 and a gain on decommissioning of the Southport and Roxboro facilities to reflect lower than expected decommissioning costs. These decreases were partially offset by higher adjusted EBITDA from our Alberta commercial facilities mainly attributable to the Genesee 2 generator failure in 2021, higher generation and higher realized power pricing on our Alberta commercial facilities during the 2022 period.

SHARE AND PARTNERSHIP UNIT INFORMATION

Quarterly common share trading information

The Company's common shares are listed on the Toronto Stock Exchange under the symbol CPX and began trading on June 26, 2009.

	Three months ended							
	Jun 2024	**Mar 2024**	**Dec 2023**	**Sep 2023**	**Jun 2023**	**Mar 2023**	**Dec 2022**	**Sep 2022**
Share price ($/common share)								
High	41.99	39.43	39.88	42.34	46.73	46.90	50.28	51.90
Low	33.90	35.55	35.11	37.84	41.16	40.06	40.69	44.34
Close	38.99	38.21	37.84	37.92	42.10	41.64	46.33	46.90
Volume of shares traded (millions)	33.5	25.9	26.0	18.6	20.7	25.1	23.4	28.2

Outstanding share and partnership unit data

At July 26, 2024, the Company had 129.938 million common shares, 5 million Cumulative Rate Reset Preference Shares (Series 1), 6 million Cumulative Rate Reset Preference Shares (Series 3), 8 million Cumulative Rate Reset Preference Shares (Series 5), and one special limited voting share outstanding. Assuming full conversion of the outstanding and issuable share purchase options to common shares and ignoring exercise prices, the outstanding and issuable common shares at July 26, 2024 were 131.403 million. The outstanding special limited voting share is held by EPCOR.

Capital Power issued 350,000 Series 2022-A Class A Preferred Shares to the Computershare Trust Company of Canada, to be held in trust.

At July 26, 2024, CPLP had 292.005 million general partnership units outstanding and 1,086.775 million common limited partnership units outstanding. All of the outstanding general partnership units and the outstanding common limited partnership units are held by the Company.

ADDITIONAL INFORMATION

Additional information relating to Capital Power Corporation, including the Company's annual information form and other continuous disclosure documents, is available on SEDAR+ at www.sedarplus.ca.

Condensed Interim Consolidated Financial Statements of

CAPITAL POWER CORPORATION

(Unaudited, in millions of Canadian dollars)
Six months ended June 30, 2024 and 2023

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Financial Statements
Six months ended June 30, 2024 and 2023

Condensed Interim Consolidated Financial Statements:

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Income
(Unaudited, in millions of Canadian dollars, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenues	$ 753	$ 823	$ 1,850	$ 2,037
Other income	21	58	43	111
Energy purchases and fuel	(360)	(494)	(886)	(1,098)
Gross margin	414	387	1,007	1,050
Other raw materials and operating charges	(51)	(35)	(97)	(79)
Staff costs and employee benefits expense	(50)	(48)	(99)	(89)
Depreciation and amortization	(120)	(143)	(242)	(284)
Other administrative expense	(43)	(37)	(99)	(71)
Foreign exchange (loss) gain	(4)	4	(14)	5
Operating income	146	128	456	532
Losses on disposals and other transactions	(17)	(3)	(15)	(3)
Net finance expense	(53)	(34)	(95)	(82)
Income from joint ventures	23	18	35	33
Income before tax	99	109	381	480
Income tax expense (note 5)	(23)	(24)	(100)	(110)
Net income	$ 76	$ 85	$ 281	$ 370
Attributable to:				
Non-controlling interests	$ 1	$ (2)	$ 1	$ (3)
Shareholders of the Company	$ 75	$ 87	$ 280	$ 373

Earnings per share (attributable to common shareholders of the Company):

Basic (note 6)	$ 0.51	$ 0.68	$ 2.06	$ 3.06
Diluted (note 6)	$ 0.51	$ 0.67	$ 2.06	$ 3.05

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Income
(Unaudited, in millions of Canadian dollars)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Net income	$ 76	$ 85	$ 281	$ 370
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to net income:				
Cash flow hedges:				
Unrealized gains (losses) on derivative instruments[1]	20	(134)	90	(11)
Reclassification of (gains) losses on derivative instruments to net income for the period[2]	(11)	115	(8)	143
Equity-accounted investments[3]	1	-	6	(2)
Net investment in foreign subsidiaries:				
Unrealized gains (losses)[4]	29	(28)	68	(31)
Total items that are or may be reclassified subsequently to net income, net of tax	39	(47)	156	99
Total other comprehensive income (loss), net of tax	39	(47)	156	99
Total comprehensive income	$ 115	$ 38	$ 437	$ 469
Attributable to:				
Non-controlling interests	$ 1	$ (2)	$ 1	$ (3)
Shareholders of the Company	$ 114	$ 40	$ 436	$ 472

[1] For the three and six months ended June 30, 2024, net of income tax expenses of $5 and $18, respectively. For the three and six months ended June 30, 2023, net of income tax recoveries of $40 and $3, respectively.

[2] For the three and six months ended June 30, 2024, net of reclassification of income tax expenses of $3 and $2, respectively. For the three and six months ended June 30, 2023, net of reclassification of income tax recoveries of $34 and $43, respectively.

[3] For the three and six months ended June 30, 2024, net of income tax expenses of $2 and $3, respectively. For the three and six months ended June 30, 2023, net of income tax recoveries of $1 and nil, respectively.

[4] For the three and six months ended June 30, 2024 and 2023, net of income tax expense of nil.

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Financial Position
(Unaudited, in millions of Canadian dollars)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 332	$ 1,423
Trade and other receivables	579	747
Inventories	288	309
Derivative financial instruments assets (note 7)	256	153
	1,455	2,632
Non-current assets:		
Other assets	128	110
Derivative financial instruments assets (note 7)	379	199
Finance lease receivable	20	25
Government grant receivable	340	269
Deferred tax assets	20	16
Equity-accounted investments (note 4)	821	455
Right-of-use assets	126	118
Intangible assets and goodwill	872	775
Property, plant and equipment	7,798	6,557
Total assets	$ 11,959	$ 11,156
Liabilities and equity		
Current liabilities:		
Trade and other payables	$ 705	$ 717
Subscription receipts	-	399
Derivative financial instruments liabilities (note 7)	141	178
Loans and borrowings (note 8)	594	590
Deferred revenue and other liabilities	160	96
Provisions	62	67
	1,662	2,047
Non-current liabilities:		
Derivative financial instruments liabilities (note 7)	469	422
Loans and borrowings (note 8)	4,405	4,126
Lease liabilities	150	140
Deferred revenue and other liabilities	256	206
Deferred tax liabilities	776	677
Provisions	368	352
	6,424	5,923
Equity:		
Equity attributable to shareholders of the Company		
Share capital (note 9)	3,954	3,524
Deficit	(302)	(404)
Other reserves	226	70
Deficit and other reserves	(76)	(334)
	3,878	3,190
Non-controlling interests	(5)	(4)
Total equity	3,873	3,186
Total liabilities and equity	$ 11,959	$ 11,156

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited, in millions of Canadian dollars)

	Share capital (note 9)	Cash flow hedges[1]	Cumulative translation reserve[1]	Defined benefit plan actuarial losses[1]	Employee benefits reserve	Deficit	Equity attributable to shareholders of the Company	Non-controlling interests	Total
Equity as at January 1, 2024	$ 3,524	$ 48	$ 22	$ (10)	$ 10	$ (404)	$ 3,190	$ (4)	$ 3,186
Net income	-	-	-	-	-	280	280	1	281
Other comprehensive income (loss):									
Cash flow derivative hedge gains	-	108	-	-	-	-	108	-	108
Reclassification of derivative hedge gains to net income	-	(10)	-	-	-	-	(10)	-	(10)
Equity-accounted investments	-	9	-	-	-	-	9	-	9
Unrealized gains on foreign currency translation	-	-	68	-	-	-	68	-	68
Tax on items recognized directly in equity	-	(19)	-	-	-	-	(19)	-	(19)
Other comprehensive income	$ -	$ 88	$ 68	$ -	$ -	$ -	$ 156	$ -	$ 156
Total comprehensive income	-	88	68	-	-	280	436	1	437
Distributions to non-controlling interests	-	-	-	-	-	-	-	(2)	(2)
Common share dividends (note 9)	-	-	-	-	-	(159)	(159)	-	(159)
Preferred share dividends (note 9)	-	-	-	-	-	(18)	(18)	-	(18)
Tax on preferred share dividends (note 9)	-	-	-	-	-	(1)	(1)	-	(1)
Issue of share capital	400	-	-	-	-	-	400	-	400
Share issue costs	(16)	-	-	-	-	-	(16)	-	(16)
Tax on share issue costs	3	-	-	-	-	-	3	-	3
Dividends reinvested	33	-	-	-	-	-	33	-	33
Share-based payments	-	-	-	-	1	-	1	-	1
Share options exercised	10	-	-	-	(1)	-	9	-	9
Equity as at June 30, 2024	$ 3,954	$ 136	$ 90	$ (10)	$ 10	$ (302)	$ 3,878	$ (5)	$ 3,873

[1] Accumulated other comprehensive income. Other reserves on the statements of financial position are the aggregate of accumulated other comprehensive income and the employee benefits reserve.

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited, in millions of Canadian dollars)

	Share capital (note 9)	Cash flow hedges[1]	Cumulative translation reserve[1]	Defined benefit plan actuarial losses[1]	Employee benefits reserve	Deficit	Equity attributable to shareholders of the Company	Non-controlling interests	Total
Equity as at January 1, 2023	$ 3,498	$ (264)	$ 53	$ (8)	$ 10	$ (835)	$ 2,454	$ 6	$ 2,460
Net income	-	-	-	-	-	373	373	(3)	370
Other comprehensive income (loss):									
Cash flow derivative hedge losses	-	(14)	-	-	-	-	(14)	-	(14)
Reclassification of derivative hedge losses to net income	-	186	-	-	-	-	186	-	186
Equity-accounted investments	-	(2)	-	-	-	-	(2)	-	(2)
Unrealized losses on foreign currency translation	-	-	(31)	-	-	-	(31)	-	(31)
Tax on items recognized directly in equity	-	(40)	-	-	-	-	(40)	-	(40)
Other comprehensive income (loss)	$ -	$ 130	$ (31)	$ -	$ -	$ -	$ 99	$ -	$ 99
Total comprehensive income (loss)	-	130	(31)	-	-	373	472	(3)	469
Distributions to non-controlling interests	-	-	-	-	-	-	-	(3)	(3)
Common share dividends (note 9)	-	-	-	-	-	(136)	(136)	-	(136)
Preferred share dividends (note 9)	-	-	-	-	-	(15)	(15)	-	(15)
Share options exercised	2	-	-	-	-	-	2	-	2
Equity as at June 30, 2023	$ 3,500	$ (134)	$ 22	$ (8)	$ 10	$ (613)	$ 2,777	$ -	$ 2,777

[1] Accumulated other comprehensive loss. Other reserves on the statements of financial position are the aggregate of accumulated other comprehensive loss and the employee benefits reserve.

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, in millions of Canadian dollars)

	Six months ended June 30, 2024	2023
Cash flows from operating activities:		
Net income	$ 281	$ 370
Non-cash adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	242	284
Net finance expense	95	82
Fair value changes on commodity derivative instruments and emission credits held for trading	(208)	(156)
Foreign exchange losses (gains)	14	(5)
Income tax expense	100	110
Income from joint ventures	(35)	(33)
Recognition of government grant deferred revenue	-	(63)
Tax equity attributes	(40)	(36)
Other items	-	12
Change in fair value of derivative instruments reflected as cash settlement	19	81
Distributions received from joint ventures	11	18
Interest paid	(59)	(63)
Income taxes paid	(20)	(25)
Other cash items	-	(21)
Change in non-cash operating working capital	70	(195)
Net cash flows from operating activities	470	360
Cash flows used in investing activities:		
Purchase of property, plant and equipment and other assets, net[1]	(444)	(217)
Business acquisition, net of acquired cash (note 4)	(908)	-
Acquisition of equity-accounted investment (note 4)	(316)	-
Other cash flows from investing activities	2	-
Net cash flows used in investing activities	(1,666)	(217)
Cash flows from (used in) financing activities:		
Proceeds from issue of loans and borrowings (note 8)	450	-
Repayment of loans and borrowings	(155)	(168)
Issue costs on loans and borrowings	(5)	-
Repayment of lease liabilities	(3)	(3)
Share issue costs	(8)	-
Proceeds from exercise of share options	9	2
Dividends paid (note 9)	(137)	(151)
Capitalized interest paid	(30)	(17)
Distributions to non-controlling interests	(2)	(3)
Other cash items	(7)	-
Income taxes paid on preferred share dividends	(7)	(6)
Net cash flows from (used in) financing activities	105	(346)
Foreign exchange loss on cash held in foreign currency	-	(1)
Net decrease in cash and cash equivalents	(1,091)	(204)
Cash and cash equivalents at beginning of period	1,423	307
Cash and cash equivalents at end of period	$ 332	$ 103

[1] Reflects total additions for the six months ended June 30, 2024, reduced by $77 million for changes in non-cash investing working capital and other non-current assets and liabilities (six months ended June 30, 2023 – reduced by $10 million), to arrive at cash additions of property, plant and equipment and other assets.

See accompanying notes to the condensed interim consolidated financial statements

1. Reporting entity:

Capital Power Corporation (the Company or Capital Power) develops, acquires, owns, and operates utility-scale renewable and thermal power generation facilities and manages its related electricity and natural gas portfolios by undertaking trading and marketing activities.

The registered and head office of the Company is located at 10423 101 Street, Edmonton, Alberta, Canada, T5H 0E9. The common shares of the Company are traded on the Toronto Stock Exchange under the symbol "CPX".

Interim results will fluctuate due to plant maintenance schedules, the seasonal demands for electricity and changes in energy prices. Consequently, interim results are not necessarily indicative of annual results.

2. Basis of presentation:

These condensed interim consolidated financial statements have been prepared by management in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2023 annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

These condensed interim consolidated financial statements have been prepared following the same accounting policies and methods as those used in preparing the most recent annual consolidated financial statements and have been prepared under the historical cost basis, except for the Company's derivative instruments, emission credits held for trading, defined benefit pension assets and cash-settled share-based payments, which are stated at fair value.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on July 30, 2024.

3. Material accounting policies:

Current accounting changes:

Amended by International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12 – Income Taxes)

In June 2024, Canada enacted The Global Minimum Tax Act, which implements Canada's Pillar Two legislation, with effect for fiscal years that begin on or after December 31, 2023. The Company is within the scope of the Pillar Two model rules as issued by the Organization for Economic Cooperation and Development (OECD) and has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 – Income Taxes issued in May 2023.

Future accounting changes:

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board issued IFRS 18 which introduces key new requirements on presentation and disclosures in the financial statements, with a focus on the statement of profit or loss and reporting of financial performance and will replace IAS 1 - Presentation of Financial Statements. IFRS 18 will be effective for annual reporting periods beginning on or after date January 1, 2027, with early application permitted. Management is currently assessing the impact of IFRS 18 on the Company's consolidated financial statements.

4. Business acquisitions:

Acquisition of New Harquahala Generating Company, LLC

On February 16, 2024, Capital Power and an affiliate of a fund managed by BlackRock's Diversified Infrastructure business each acquired 50% equity interests in New Harquahala Generating Company, LLC (Harquahala), through their joint venture partnership, Trident Parent Holdings LLC. Harquahala owns a 1,092 MW natural gas-fired generation facility in Maricopa County, Arizona.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

4. Business acquisitions, continued:

Acquisition of New Harquahala Generating Company, LLC, continued

The Company has assessed Trident Parent Holdings LLC as a joint venture as all relevant operating, investing and financing activities of Trident Parent Holdings LLC are shared jointly between Capital Power and its joint venture partner. Accordingly, Capital Power's investment in Trident Parent Holdings LLC is accounted for under the equity method.

Capital Power's investment for its 50% ownership of Trident Parent Holdings LLC was $310 million (US$230 million) of cash consideration, including working capital and other closing adjustments of $6 million (US$4 million). The Company previously entered into foreign exchange cash flow hedges pertaining to the hedged portion of U.S. dollar denominated funds used to acquire the equity-accounted investment which settled during the first quarter of 2024 for a loss of $6 million and was recorded as part of the equity accounted investment balance on the condensed interim consolidated statements of financial position. Capital Power is responsible for operations and maintenance and asset management for which it will receive an annual management fee.

Substantially all of the underlying assets and liabilities of Harquahala are property, plant and equipment representing the fair value of the generation facility.

Acquisition of CXA La Paloma, LLC

On February 9, 2024, the Company acquired 100% of the equity interests in CXA La Paloma, LLC (La Paloma), which owns the 1,062 MW La Paloma natural gas-fired generation facility in Kern County, California. The purchase price consisted of $910 million (US$676 million) in total cash consideration, including working capital and other closing adjustments.

The acquisition of the contracted combined-cycle U.S. gas generation facility supports the Company's strategic growth and expansion in the U.S. Western Electricity Coordinating Council region.

The valuation techniques used for measuring the fair value of material assets acquired includes the depreciated replacement cost approach for property, plant and equipment and an income based approach, the multi-period excess earning method for the intangible assets. The depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by power purchase arrangements acquired, by excluding any cash flows related to contributory assets.

La Paloma is substantially contracted with resource adequacy contracts through 2029 with multiple investment grade utilities and load serving entities.

The preliminary allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values was as follows:

	February 9, 2024
Cash and cash equivalents	$ 2
Trade and other receivables	24
Inventories	6
Prepaid expenses	2
Right-of-use assets	5
Intangible assets	188
Property, plant and equipment	834
Trade and other payables	(114)
Lease liabilities	(5)
Provisions	(32)
Fair value of net assets acquired	$ 910

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

4. Business acquisitions, continued

Acquisition of CXA La Paloma, LLC, continued

The results of operations of La Paloma are included in the Company's condensed interim consolidated statements of income and statements of changes in equity from the date of acquisition. Such results of operations and the related assets and liabilities at the statement of financial position date are included in the condensed interim consolidated statements of financial position. Since the acquisition date, the condensed interim consolidated statements of income reflect the following revenues and net income related to La Paloma for the three and six months ended June 30, 2024:

	Three months ended June 30, 2024	Six months ended June 30, 2024
Revenues	$ 61	$ 100
Net income	34	43

The consolidated revenues and net income of the Company including La Paloma, had the acquisition occurred at January 1, 2024, would have been as follows:

	Three months ended June 30, 2024	Six months ended June 30, 2024
Revenues	$ 753	$ 1,877
Net income	76	289

In conjunction with the acquisition of La Paloma, for the six months ended June 30, 2024, the Company incurred $10 million (US$7 million) in acquisition costs which have been recorded on the Company's consolidated statements of income as other administrative expenses.

5. Income tax:

Income tax differs from the amount that would be computed by applying the federal and provincial income tax rates as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Income before tax	$ 99	$ 109	$ 381	$ 480
Income tax at the statutory rate of 23%	23	25	88	110
Increase (decrease) resulting from:				
Non-(taxable) deductible amounts	3	(1)	7	(1)
Amounts attributable to non-controlling interests and tax-equity interests	(3)	-	(5)	(1)
Change in unrecognized tax benefits	(5)	(1)	(5)	(1)
Statutory and other rate differences	4	1	6	3
Other	1	-	9	-
Income tax expense	$ 23	$ 24	$ 100	$ 110

Bill C-59, which includes Clean Technology investment tax credits (ITC), received Royal Assent on June 20, 2024. The Company applied the recognition and measurement principles of IAS 20 – Accounting for government grants and disclosure of government assistance, for the Clean Technology ITC pertaining to the Halkirk 2 Wind, York Energy Battery Energy Storage System (BESS) and Goreway BESS projects. As a result, an accrual of $66 million was recorded in the quarter to government grant receivable and non-current deferred revenue and other liabilities in the condensed interim consolidated statements of financial position, based on spending-to-date for these projects.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

6. Earnings per share:

The earnings and weighted average number of common shares used in the calculation of basic and diluted earnings per share are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Income for the period attributable to shareholders	$ 75	$ 87	$ 280	$ 373
Preferred share dividends[1]	(9)	(8)	(19)	(15)
Earnings available to common shareholders	$ 66	$ 79	$ 261	$ 358
Weighted average number of common shares	129,545,034	116,938,271	126,607,376	116,916,644
Basic earnings per share	$ 0.51	$ 0.68	$ 2.06	$ 3.06
Weighted average number of common shares	129,545,034	116,938,271	126,607,376	116,916,644
Effect of dilutive share purchase options	212,207	504,023	224,084	489,490
Diluted weighted average number of common shares	129,757,241	117,442,294	126,831,460	117,406,134
Diluted earnings per share	$ 0.51	$ 0.67	$ 2.06	$ 3.05

[1] Includes preferred share dividends declared and related taxes.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

7. Derivative financial instruments and hedge accounting:

Derivative financial and non-financial instruments are held for the purposes of energy purchases, merchant trading or financial risk management.

The derivative instruments assets and liabilities used for risk management purposes consist of the following:

	June 30, 2024					
	Energy and emission allowances		Interest rate		Foreign exchange	
	cash flow hedges	non-hedges	cash flow hedges	non-hedges	cash flow hedges	Total
Derivative instruments assets:						
Current	$ 30	$ 185	$ 40	$ -	$ 1	$ 256
Non-current	28	347	4	-	-	379
Derivative instruments liabilities:						
Current	(4)	(132)	(5)	-	-	(141)
Non-current	(1)	(461)	(7)	-	-	(469)
Net fair value	$ 53	$ (61)	$ 32	$ -	$ 1	$ 25
Net notional buys (sells) (millions):						
Megawatt hours of electricity	(4)	(45)				
Gigajoules of natural gas purchased[1]		204				
Gigajoules of natural gas basis swaps[1]		84				
Metric tonnes of emission allowances		16				
Number of renewable energy credits		(14)				
Interest rate swaps			$ 1,011	$ 94		
Forward currency buys (U.S. dollars)					$ 155	
Range of remaining contract terms in years	0.1 to 3.5	0.1 to 22.6	0.2 to 2.6	0.2 to 1.5	0.1 to 1.1	

[1] The Company's natural gas trading strategy employs future purchase derivative instruments as well as basis swaps pertaining to certain of the future purchase derivative instruments, to manage its exposure to commodity price risk.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

7. Derivative financial instruments and hedge accounting, continued:

	December 31, 2023					
	Energy and emission allowances		Interest rate	Foreign exchange		
	cash flow hedges	non-hedges	cash flow hedges	cash flow hedges	non-hedges	Total
Derivative instruments assets:						
Current	$ 10	$ 103	$ 40	$ -	$ -	$ 153
Non-current	16	181	2	-	-	199
Derivative instruments liabilities:						
Current	(18)	(130)	(2)	(28)	-	(178)
Non-current	(4)	(406)	(12)	-	-	(422)
Net fair value	$ 4	$ (252)	$ 28	$ (28)	$ -	$ (248)
Net notional buys (sells) (millions):						
Megawatt hours of electricity	(5)	(34)				
Gigajoules of natural gas purchased[2]		93				
Gigajoules of natural gas basis swaps[2]		88				
Metric tonnes of emission allowances		1				
Number of renewable energy credits		(9)				
Interest rate swaps			$ 1,256			
Forward currency buys (sells) (U.S. dollars)				$ 886	$ (57)	
Range of remaining contract terms in years	0.1 to 4.0	0.1 to 23.1	0.4 to 3.1	0.2 to 0.9	0.1	

[2] The Company's natural gas trading strategy employs future purchase derivative instruments as well as basis swaps pertaining to certain of the future purchase derivative instruments, to manage its exposure to commodity price risk.

Fair values of derivative instruments are determined using valuation techniques, inputs, and assumptions as described in the Company's 2023 annual consolidated financial statements. It is possible that the assumptions used in establishing fair value amounts will differ from future outcomes and the impact of such variations could be material.

Unrealized and realized pre-tax gains and (losses) on derivative instruments recognized in other comprehensive income and net income are:

	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Unrealized gains (losses)	Realized gains (losses)	Unrealized (losses) gains	Realized (losses) gains
Energy cash flow hedges	$ 12	$ 10	$ (46)	$ (153)
Energy and emission allowances non-hedges	19	41	(27)	13
Interest rate cash flow hedges	(2)	4	21	4
Interest rate non-hedges	-	-	(2)	10
Foreign exchange cash flow hedges	1	-	-	-
Foreign exchange non-hedges	-	(1)	-	-

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

7. Derivative financial instruments and hedge accounting, continued:

	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Unrealized gains (losses)	Realized gains (losses)	Unrealized gains (losses)	Realized (losses) gains
Energy cash flow hedges	$ 54	$ 3	$ 167	$ (194)
Energy and emission allowances non-hedges	219	20	141	(16)
Interest rate cash flow hedges	14	7	5	8
Interest rate non-hedges	-	-	(5)	10
Foreign exchange cash flow hedges	30	-	-	-
Foreign exchange non-hedges	-	(2)	-	-

The following realized and unrealized gains and losses are included in the Company's consolidated statements of income for the three and six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenues	$ 169	$ (149)	$ 359	$ 45
Energy purchases and fuel	(99)	(18)	(117)	(114)
Foreign exchange loss	(1)	-	(2)	-
Net finance expense	4	12	7	13

The Company has elected to apply hedge accounting on certain derivatives it uses to manage commodity price risk relating to electricity prices, interest rate risk relating to future borrowings and foreign exchange risk relating to future capital investment in U.S. dollars.

Net after tax gains related to derivative instruments designated as energy and interest rate cash flow hedges are expected to settle and be reclassified to net income in the following periods:

	June 30, 2024
Within one year	$ 37
Between one and five years	84
After five years	28
	$ 149

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

8. Loans and borrowings:

$450 million Subordinated Notes offering

On June 5, 2024, the Company closed a public offering of Fixed-to-Fixed Subordinated Notes, Series 2, in the aggregate principal amount of $450 million. The Series 2 Subordinated Notes have a fixed interest rate of 8.125% and mature on June 5, 2054.

9. Share capital:

Issued and fully paid shares

In relation to the La Paloma and Harquahala acquisitions (note 4), the Company completed a public and private subscription receipt offering in the fourth quarter of 2023. In February 2024, upon closing of the La Paloma acquisition, each subscription receipt has been automatically exchanged in accordance with their terms for one common share of Capital Power.

The public offering of 8,231,000 common shares was issued at an issue price of $36.45 per common share (Offering Price) for total gross proceeds of $300 million less issue costs of $12 million. The private offering of 2,745,000 common shares was issued at the Offering Price to Alberta Investment Management Corporation on a private placement basis, for gross proceeds of approximately $100 million less issue costs of $4 million.

Common and preferred share dividends

	Dividends declared							
	For the three months ended June 30,				For the six months ended June 30,			
	2024		2023		2024		2023	
	Per share	Total	Per share	Total	Per share	Total	Per share	Total
Common	$ 0.6150	$ 80	$ 0.5800	$ 68	$ 1.2300	$ 159	$ 1.1600	$136
Preference								
Series 1	0.1638	1	0.1638	1	0.3276	2	0.3276	2
Series 3	0.4288	3	0.3408	2	0.8576	6	0.6816	4
Series 5	0.4144	3	0.3274	3	0.8288	6	0.6548	5
Series 11[1]	0.3594	2	0.3594	2	0.7188	4	0.7188	4

[1] On May 15, 2024, the Company announced its intention to redeem all of its 6 million issued and outstanding 5.75% cumulative rate reset preference shares, Series 11 on June 30, 2024 (Redemption Date) at a price of $25.00 per share (Redemption Price) for an aggregate total of $150 million, less any tax required to be deducted and withheld by the Company. As June 30, 2024 is not a business day, payment of the Redemption Price and share redemption occurred on July 2, 2024.

The quarterly dividend for the second quarter of 2024 will be the final quarterly dividend on the Series 11 shares and, as the Redemption Date is also the dividend payment date, the Redemption Price will not include the quarterly dividend for the second quarter of 2024. Instead, the quarterly dividend for the second quarter of 2024 was paid on the redemption date separately to shareholders of record as of June 17, 2024.

	Dividends paid[2]							
	For the three months ended June 30,				For the six months ended June 30,			
	2024		2023		2024		2023	
	Per share	Total	Per share	Total	Per share	Total	Per share	Total
Common[3]	$ 0.6150	$ 79	$ 0.5800	$ 68	$ 1.2300	$ 151	$ 1.1600	$136

[2] Preference Share dividends are declared and paid in the same period.

[3] For the six months ended June 30, 2024 common dividends paid consist of $119 million cash and $32 million through the Company's dividend re-investment plan. For the six months ended June 30, 2023 all common dividends were paid in cash. The Company reinstated its dividend reinvestment plan for its common shares effective for the September 30, 2023 dividend (paid in the fourth quarter of 2023).

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

9. Share capital, continued:

Common and preferred share dividends, continued

During the three and six months ended June 30, 2024 and 2023, the Company did not purchase and cancel any of its outstanding common shares under its Toronto Stock Exchange approved normal course issuer bid. The most recent NCIB expired on March 2, 2024.

10. Financial instruments

Fair values

Details of the fair values of the Company's derivative instruments are described in note 7.

The Company's other short-term financial instruments are classified and measured at amortized cost, consistent with the methodologies described in the Company's 2023 annual consolidated financial statements. Due to the short-term nature of these financial instruments, the fair values are not materially different from their carrying amounts.

The fair values of the Company's other long-term financial instruments are determined using the same valuation techniques, inputs, and assumptions as described in the Company's 2023 annual consolidated financial statements. The carrying amount and fair value of the Company's other financial instruments, which are all classified and subsequently measured at amortized cost, are summarized as follows:

		June 30, 2024		December 31, 2023	
	Fair value hierarchy level	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets[1]					
Government grant receivable	Level 2	$ 399	$ 363	$ 327	$ 295
Financial liabilities[1]					
Loans and borrowings	Level 2	$ 4,999	$ 5,031	$ 4,716	$ 4,690

[1] Includes current portion.

Fair value hierarchy

Fair value represents the Company's estimate of the price at which a financial instrument could be exchanged between knowledgeable and willing parties in an orderly arm's length transaction under no compulsion to act. Fair value measurements recognized in the consolidated statements of financial position are categorized into levels within a fair value hierarchy based on the nature of the valuation inputs and precedence is given to those fair value measurements calculated using observable inputs over those using unobservable inputs. The determination of fair value requires judgment and is based on market information where available and appropriate. The valuation techniques used by the Company in determining the fair value of its financial instruments are the same as those used at December 31, 2023.

The fair value measurement of a financial instrument is included in only one of the three levels described in the Company's 2023 annual consolidated financial statements, the determination of which is based upon the lowest level input that is significant to the derivation of the fair value. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment which will affect the placement within the fair value hierarchy levels.

The Company's policy is to recognize transfers between levels as of the date of the event of change in circumstances that caused the transfer.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

10. Financial instruments, continued:

Fair value hierarchy, continued

The table below presents the Company's financial instruments measured at fair value on a recurring basis in the consolidated statements of financial position, classified using the fair value hierarchy described in the Company's 2023 annual consolidated financial statements.

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments assets	$ -	$ 541	$ 94	$ 635
Derivative financial instruments liabilities	-	(315)	(295)	(610)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments assets	$ -	$ 336	$ 16	$ 352
Derivative financial instruments liabilities	-	(287)	(313)	(600)

Valuation techniques used in determination of fair values within Level 3

The Company has various commodity, renewable energy agreements and renewable energy credit (REC) contracts with terms that extend beyond a liquid trading period. Certain of these contracts include notional quantities based on future actual generation of underlying generation facilities. As forward market prices and actual generation are not available for the full period of these contracts, their fair values are derived using forecasts based on internal modelling and as a result, are classified within Level 3 of the hierarchy.

The fair values of the Company's commodity derivatives included within Level 3 are determined by applying a mark-to-forecast model. The table below presents ranges for the Company's Level 3 inputs:

	June 30, 2024	December 31, 2023
REC pricing (per certificate) – Solar	$3 to $186	$3 to $204
REC pricing (per certificate) – Wind	$3 to $8	$3 to $7
Forward power pricing (per MWh) – Solar	$21 to $101	$34 to $194
Forward power pricing (per MWh) – Wind	$20 to $157	$22 to $136
Average monthly generation (MWh) – Strathmore Solar	6,650	6,671
Average monthly generation (MWh) – Clydesdale Solar	11,101	11,162
Average monthly generation (MWh) – Whitla Wind	38,871	39,123
Average monthly generation (MWh) – Bloom Wind	59,398	59,471
Average monthly generation (MWh) – Buckthorn Wind	17,616	17,620
Average monthly generation (MWh) – Halkirk 2 Wind	16,000	-

Valuation process applied to Level 3

The valuation models used to calculate the fair values of the derivative financial instrument assets and liabilities within Level 3 are prepared by appropriate internal subject matter experts and reviewed by the Company's commodity risk group and by management. The valuation technique and the associated inputs are assessed on a regular basis for ongoing reasonability.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

10. Financial instruments, continued:

Fair value hierarchy, continued

The table below presents the increase or decrease to fair value of Level 3 derivative instruments based on a 10% decrease or increase in the respective input:

	June 30, 2024	December 31, 2023
REC pricing – Solar	$ 2	$ 1
REC pricing – Wind	3	3
Forward power pricing – Solar	11	19
Forward power pricing – Wind	62	71
Generation – Solar	(3)	5
Generation – Wind	15	18

Continuity of Level 3 balances

The Company classifies financial instruments in Level 3 of the fair value hierarchy when there is reliance on at least one significant unobservable input to the valuation model used to determine fair value. In addition to these unobservable inputs, the valuation model for Level 3 instruments also relies on a number of inputs that are observable either directly or indirectly. Accordingly, the unrealized gains and losses shown below include changes in the fair value related to both observable and unobservable inputs. The following table summarizes the changes in the fair value of financial instruments classified in Level 3:

	June 30, 2024	December 31, 2023
At January 1[2]	$ (297)	$ (456)
Additions	11	-
Unrealized and realized gains included in net income[3]	92	40
Settlements[4]	(1)	114
Transfers [5]	-	(2)
Foreign exchange (losses) gains	(6)	7
At end of period	$ (201)	$ (297)
Total unrealized and realized gains for the period included in net income[3]	$ 103	$ 40

[2] The fair value of derivative instruments assets and liabilities are presented on a net basis.

[3] Recorded in revenues.

[4] Relates to settlement of financial derivative instruments.

[5] Relates to transfers from Level 3 to Level 2 when pricing inputs become readily observable.

All instruments classified as Level 3 are derivative type instruments. Gains and losses associated with Level 3 balances may not necessarily reflect the underlying exposures of the Company. As a result, unrealized gains and losses from Level 3 financial instruments are often offset by unrealized gains and losses on financial instruments that are classified in Levels 1 or 2.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

11. Segment information:

The Company operates in one reportable business segment involved in the operation of electrical generation facilities within Canada (Alberta, British Columbia and Ontario) and in the U.S. (Alabama, Arizona, California, Illinois, Kansas, Michigan, New Mexico, North Carolina, North Dakota, Texas and Washington), as this is how management assesses performance and determines resource allocations. The Company also holds a portfolio of wind and solar development sites in the U.S. and Canada.

The Company's results from operations within each geographic area are:

	Three months ended June 30, 2024				Three months ended June 30, 2023			
	Canada	U.S.	Inter-area eliminations	Total	Canada	U.S.	Inter-area eliminations	Total
Revenues – external[1]	$ 577	$ 176	$ -	$ 753	$ 722	$ 101	$ -	$ 823
Revenues – inter-area	11	-	(11)	-	5	-	(5)	-
Other income	2	19	-	21	43	15	-	58
Total revenues and other income	$ 590	$ 195	$ (11)	$ 774	$ 770	$ 116	$ (5)	$ 881

	Six months ended June 30, 2024				Six months ended June 30, 2023			
	Canada	U.S.	Inter-area eliminations	Total	Canada	U.S.	Inter-area eliminations	Total
Revenues – external[1]	$ 1,555	$ 295	$ -	$ 1,850	$ 1,696	$ 341	$ -	$2,037
Revenues – inter-area	19	-	(19)	-	16	-	(16)	-
Other income	4	39	-	43	76	35	-	111
Total revenues and other income	$ 1,578	$ 334	$ (19)	$ 1,893	$ 1,788	$ 376	$ (16)	$2,148

[1] Revenues from external sources includes realized and unrealized gains and losses from derivative financial instruments.

	At June 30, 2024			At December 31, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Property, plant and equipment	$ 5,289	$ 2,509	$ 7,798	$ 4,898	$ 1,659	$ 6,557
Right-of-use assets	62	64	126	59	59	118
Intangible assets and goodwill	547	325	872	631	144	775
Finance lease receivable[2]	30	-	30	34	-	34
Other assets	48	80	128	47	63	110
	$ 5,976	$ 2,978	$ 8,954	$ 5,669	$ 1,925	$ 7,594

[2] Includes current portion.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

11. Segment information, continued:

The Company's revenues and other income from contracts with customers are disaggregated by major type of revenues and operational groupings of revenues:

	Three months ended June 30, 2024						
	Alberta Commercial facilities	Western Canada facilities	Ontario facilities	U.S. facilities	Total from contracts with customers	Other sources	Total
Energy revenues	$ 289	$ 21	$ 82	$ 99	$ 491	$ 236	$ 727
Emission credit revenues	6	6	-	-	12	14	26
Total revenues[3]	$ 295	$ 27	$ 82	$ 99	$ 503	250	$ 753

	Six months ended June 30, 2024						
	Alberta Commercial facilities	Western Canada facilities	Ontario facilities	U.S. facilities	Total from contracts with customers	Other sources	Total
Energy revenues	$ 855	$ 51	$ 180	$ 210	$ 1,296	$ 504	$ 1,800
Emission credit revenues	12	10	-	2	24	26	50
Total revenues[3]	$ 867	$ 61	$ 180	$ 212	$ 1,320	530	$ 1,850

	Three months ended June 30, 2023						
	Alberta Commercial facilities	Western Canada facilities	Ontario facilities	U.S. facilities	Total from contracts with customers	Other sources	Total
Energy revenues	$ 694	$ 36	$ 90	$ 47	$ 867	$ (67)	$ 800
Emission credit revenues	5	4	-	-	9	14	23
Total revenues[3]	$ 699	$ 40	$ 90	$ 47	$ 876	(53)	$ 823

	Six months ended June 30, 2023						
	Alberta Commercial facilities	Western Canada facilities	Ontario facilities	U.S. facilities	Total from contracts with customers	Other sources	Total
Energy revenues	$ 1,387	$ 79	$ 178	$ 135	$ 1,779	$ 204	$ 1,983
Emission credit revenues	12	6	-	3	21	33	54
Total revenues[3]	$ 1,399	$ 85	$ 178	$ 138	$ 1,800	237	$ 2,037

[3] Included within trade and other receivables, at June 30, 2024, were amounts related to contracts with customers of $267 million (2023 - $411 million).

12. Subsequent event:

Dividend increase

On July 30, 2024, the Company's Board of Directors approved an increase of 6% to $2.61 in the annual dividend per common share effective for the third quarter of 2024.