

## **BACKGROUNDER # 1**

### **Power Generation Business**

*EPCOR's power generation business is to be transferred to Capital Power following its establishment later in 2009. The information below gives effect to such a transfer.*

#### Profile

- Headquartered in Edmonton, Alberta, Capital Power has interests in 31 facilities across North America with approximately 3,300 MW of owned and/or operated installed power generation capacity, 470 MW of capacity owned through power purchase agreements (PPAs) and 448 MW of owned capacity under construction.
- Drawing on a 118 year heritage of innovation and reliability, Capital Power has experience developing, acquiring, operating and optimizing power generation from a diverse range of energy sources.
- Capital Power has a 30.6% equity interest in the EPCOR Power L.P. (TSX:EP.UN), and as Manager is responsible for operating its 20 U.S. and Canadian generating plants;
- Capital Power will focus on maintaining financial strength and flexibility, creating value from long-term contracts and portfolio optimization, and seeking to maintain an investment-grade credit rating and a stable dividend flow to shareholders.
- Capital Power's existing portfolio of approximately 3,300 MW is relatively young, with a capacity weighted average facility age of 13 years. The Company's portfolio is diversified across three provinces and seven U.S. states.
- Capital Power's operating performance is exemplified by its facilities' three year average availability of 94%. Solomon Associates has consistently ranked the Genesee plant in the top quartile of its peer group on the measure of forced outages.
- Approximately 74% of Capital Power's generation capacity is sold forward through long-term contracts or PPAs, with an 11-year capacity weighted average remaining PPA life providing stable cash flows. In addition, 96% of the Company's PPA counterparties have investment-grade credit ratings, helping to limit the Company's exposure to counterparty risk.
- Capital Power has developed, constructed, and/or operated environmentally responsible power technologies including supercritical coal technology, combined heat and power, highly-efficient natural gas turbines used for both simple and combined cycle plants, recycled energy sources, and a range of renewable energy facilities relying on fuels such as hydro, biomass, wind, and landfill natural gas.
- Capital Power has constructed 6 facilities since 2002, and is currently managing construction at both the 200 MW Clover Bar Energy Centre expansion and the 495 MW Keephills 3 facility.

#### Key Facts

- Headquartered in Edmonton
- Approximately 1,000 employees
- Assets: Approximately \$5 billion based
- Operations
  - 3,300 MW of owned and/or operated installed power generation capacity at 31 North American facilities
  - 94% power plant availability (3 year average availability)
  - 13,440 GWh power generated (2008)

### Ownership and Governance

- EPCOR is planning an Initial Public Offering of common shares of Capital Power representing approximately 25% of the power generation business. EPCOR, which may eventually sell all or a substantial portion of its ownership interest, subject to market conditions, its requirements for capital and other circumstances that may arise in the future.
- Capital Power will be governed by a majority independent Board of Directors. EPCOR will be entitled to four nominees on the Board, which is expected to consist of at least eleven individuals.