transalta™

INVESTOR DAY

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SPEAKER LIST

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EXECUTIVE VICE PRESIDENT, PEOPLE, CULTURE AND CHIEF ADMINISTRATIVE OFFICER

Chiara Valentini: Good morning, everyone, and welcome to TransAlta's 2023 Investor Day. My name is Chiara Valentini, and I'm the vice president of Strategic Finance and Investor Relations. We are very pleased to have you all with us here in Toronto, and all of you joining virtually as well. Today's presentation is being recorded, and a replay of the event will be available later on today on our website. And the transcript will be posted shortly thereafter.

As we begin our session, please note that this presentation includes forward-looking statements, which are subject to risks and uncertainties, many of which are set forth on this lovely slide. I encourage you to read these statements at your convenience. This presentation also contains references to non-IFRS measures, including EBITDA and free cash flow. Such measures are--may not be comparable to similar measures presented by other entities. So, please refer to our annual and quarterly MD&A for more information in regard to these measures. All amounts referenced during the presentation are in Canadian currency, unless otherwise noted.

With us here today is John Kousinioris, TransAlta's president and chief executive officer, along with members of the Executive team of TransAlta. The team is excited to share important updates on our strategic plan and commit--key priorities across all of our businesses. Also joining us today are these following speakers: Todd Stack, executive vice president and chief financial officer, Blain van Melle, executive vice president, Commercial and Customer Relations, Chris Fralick, executive vice president, Generation, Kerry O'Reilly Wilks, executive vice president, Growth and Energy Marketing, Aron Willis, executive vice president, Project Delivery and Construction, and Jane Fedoretz, executive vice president, People, Culture, and chief administrative officer. Before we kick off the agenda, we'd like to present a short video on TransAlta's 2023 year in review. Let's have a look.

John Kousinioris: For more than a century, we've made sure every time you reach for a light switch, the power you needed was there. Reliability was and is our hallmark. But times have changed. How our electricity is created matters. The energy transition is among the most significant challenges the world is facing. As a leader in clean electricity, our fleet of assets includes wind, hydro, solar, and thermal and natural gas facilities in Canada, the United States, and Australia. Our employees are central to our decarbonization journey. They are purpose-driven, focused on learning, and oriented towards achievement, leveraging their diversity and their unique perspectives, ideas, and experiences. TransAlta's people are leading with confidence in advancing our leadership in clean electricity. We are prepared for the future because of our people today.

Chiara: And now, I would like to welcome John Kousinioris, president and chief executive officer, to the stage. He will kick off our agenda with an overview of our strategic plan and objectives. Welcome, John.

John: Thanks, Chiara. Thanks, Chiara. Thanks very much. And good morning, everybody. Welcome and thank you for being with us today. As part of our commitment towards reconciliation, we wish to acknowledge that the land that we're meeting on today is the traditional territory of many nations, including the Mississaugas of the Credit, the Anishna--the Anishnabeg, the Chippewa, the Haudenosaunee, and the Wendat, and is now home to many diverse First Nations, Inuit, and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit. Additionally, as part of our commitment towards reconciliation, I want to acknowledge that TransAlta’s head office is located in the traditional territories of the Niitsitapi, the people of the Treaty 7 region in Southern Alberta, which includes the Siksika, the Piikani, the Kainai, the Tsuut’ina, and the Stoney Nakoda First Nations, including the Bearspaw, Chiniki, and Goodstoney First Nations, as well as the home of Métis Nation of Alberta Region 3.

We're excited to provide an update on our strategy and present to you the next phase of TransAlta’s evolution. We're proud of our company and all that it has accomplished since it was founded 112 years ago, but we are at an inflection point, both in terms of the pathways that our company will follow and the environment in which we live and work. It is a time of great promise and opportunity for our industry and company as the world increasingly electrifies to meet its growth and sustainability aspirations.

Our goal is to be a leading customer-centred clean electricity company, one that is committed to a sustainable future and a responsible energy transition. Our strategy is focused on: meeting our customers' needs for clean, low-cost, and reliable electricity; achieving operational excellence and continual improvement in everything that we do, which is a core ethos of our company; being the best that we can be for our customers by ensuring that we maintain a talented and empowered workforce focused on excellence; and increasing shareholder value by growing our portfolio of high-quality electricity facilities and delivering more stable and predictable cash flows. And our values are critical to the journey. We're guided by a commitment to safety in all that we do, innovation, sustainability, respect, and integrity.

Our business model is founded on five pillars: our hydro fleet, largely based in Alberta, which is unique and perpetual, a critical asset in meeting peak energy needs and providing grid support through its leading position in the province’s ancillary services market, a market that we expect to grow as renewables generation and its associated intermittency continues to grow; our gas fleet, strengthened by the Heartland Generation acquisition and consisting of our peaking and cogeneration facilities, which serve customers critical to the industrial sectors of our three core markets and underpin the reliability needs of our grid; our largely contracted wind and solar fleet, which provides predictable, stable cash flow and earnings, balancing our merchant fleet and the focus of our future growth aspirations; our highly capable Energy Trading and Marketing team with its proprietary trading capabilities, intelligence-gathering function, and optimization expertise, supporting our growth efforts with its continuous interactions with our universe of existing and potential customers; and our talented Growth team, tasked with executing our Clean Electricity Growth Plan, which is the heart of our efforts to create value for our shareholders. In short, our company has a diversified and resilient generating fleet and leading trading, optimization, and growth capabilities, all guided by a single leadership team driving operational and financial synergies.

In 2021, we laid out our company's priorities, the focus areas that would guide our activities for the ensuing years. Key to that strategy was an acceleration of growth into customer-centred renewables and storage and the maintenance of financial strength and capital allocation discipline. It wasn't a plan founded on growth for growth's sake, but rather a plan focused on prudent growth and expansion to strengthen TransAlta and create long-term value for our shareholders. So, what have we achieved since we last met with you in 2021?We have accelerated our clean energy transition and significantly strengthened the strategic positioning of our company. We have progressed our Clean Electricity Growth Plan, increasing the size of our renewables fleet by almost 40%. We've simplified our corporate structure by bringing TransAlta and TransAlta Renewables back together again and, in the process, increased our economic ownership in 1.2 gigawatts of high-quality contracted generating assets. We've continued our decarbonization journey with the retirement of approximately 800 megawatts of coal-fired generation. And with the Heartland Generation transaction, we will expand and strengthen our positioning in our Alberta home market with assets that are flexible, competitive, and serve leading industrial companies in the province. We're in a great position to succeed over the balance of the decade and beyond with considerable optionality in our generating base and growth pipeline, together with balance sheet strength and a strong financial outlook.

Our financial and operating performance has also been exceptional. Financially, we've never performed better, with our Adjusted EBITDA and free cash flow up 59% and 66%, respectively, from 2021. And we did this while enhancing our contracted base, essentially doubling our contractedness during the period. Our operational performance has also been exceptional, with emissions down 18%, fleet availability improved, and sustaining capital expenditures moved to more modest levels. Our safety performance is also better than ever. It takes a committed and engaged workforce to secure results like these. And you will hear from Jane about the work that we're doing to support our employees and shift our culture to one focused on results, learning, and purpose, where they can bring their whole selves to their work to accomplish our objectives as a team in the TransAlta way.

We believe that decarbonization efforts will accelerate globally. That is the future, and it is our future at TransAlta. Governments are advancing explicit net-zero goals. They're also showing seriousness of intent with policies on carbon and infrastructure programmes directed towards reducing carbon and increasing electrification. The private sector is also responding. Companies all over the world are increasingly committed to net-zero or carbon neutrality targets and are making investments to progress their objectives. And investors have been similarly increasing their commitment to making an impact through their investments. Trillions of dollars of investments are being deployed and managed with sustainable investment policy frameworks in mind. The path to energy transition presents tremendous opportunities for our company, given our skill set, competitive advantages, and market positioning, opportunities that we are uniquely positioned to capture in each of our core markets of Canada, the United States, and Australia. It's a once-in-a-generation shift that will drive our sector for years to come. The investment required to achieve the targets that have been set are considerable, two to six times higher than current levels of investment, up to a staggering US $4 trillion annually by 2040. Already, 90% of increased demand for electricity is being met by low-emissions sources. As a company, we're grounded in a number of long-term convictions that shape our strategy. We believe investors, customers, and governments will continue to push for carbon reductions. We believe the cost of carbon will continue to increase. We believe the demand for renewable energy and storage will increase with more policy and funding support for renewables. We believe that new and more cost-effective technologies in storage, hydrogen, carbon capture, to name but a few, will become commercial. And we believe that markets will evolve and emerge, especially for generation products that provide system support services addressing the intermittency of renewables. And we also believe that natural gas generation will continue to play an important role in maintaining affordability and reliability in each of our core markets and, by doing so, actually enable the energy transition, which has to be done in a responsible way.

The opportunities presented by the energy transition and the drive to electrification need to be considered holistically, and the pathways to a transition must be pursued responsibly. There has been considerable focus on decarbonization by policymakers and industry. That has been critical to meet the challenge of climate change and initiate the work and investment required to meet it. But decarbonization needs to be balanced with affordability and reliability in order to be successful. And these two principles have simply not received the same attention as decarbonization has. And they need to. All three elements need to be maintained in balance for society to successfully accept and pursue the transition that's required. We have been working to set our company up to meet the needs of a responsible transition with: a cost-effective fleet to maintain affordability; diversified, flexible, and responsive generation to meet future system reliability requirements; investments in carbon-zero and new technologies, coupled with retirements of carbon-heavy generation, to further decarbonization objectives. A successful energy transition will require an all-of-the-above approach, and that is exactly the way that we're positioning ourselves in order to play a leading role in the journey.

Today, we're outlining an update to our Clean Electricity Growth Plan, which will see the company continue to grow as a customer-centred, clean power generation to deliver lasting returns and value to our investors. It's a continuation of the journey that we embarked on almost three years ago. We have established six strategic priorities to guide our path from 2024 to 2028. First, optimize our Alberta portfolio at a time when the merchant market is evolving dramatically in the province. Second, execute our updated Clean Electricity Growth Plan, which Kerry and Aron will be speaking to you about in more detail. Third, selectively expand our portfolio offerings in flexible generation and reliability assets, facilities like gas peakers and short-term and long-term storage, especially where we can use the knowledge and skill set of our Optimization team to advantage. Fourth, maintain our financial strength and capital discipline. The funding plan for our Clean Electricity Growth Plan is a conservative one, with much of the funding sourced from cash flow from our operations. Define the next generation of power solutions that will meet the needs of our economy and communities in the back-half of the decade and the decade to come. And lead in ESG policy development. It's imperative that an independent power producer like us actively participates in the policy evolution of the markets in which we operate and compete.

I’ve outlined our priorities and would now like to walk you through our targets, our measures of success as we accelerate our growth and continue our clean electricity evolution. We plan to deliver an incremental 1.75 gigawatts of clean electricity capacity by 2028 by deploying approximately $3.5 billion of growth capital, with the target of achieving cumulative annual EBITDA from the new growth projects of $350 million by 2028. Our investment focus from 2024 to 2028 will be primarily in wind, solar, and storage. But, as I mentioned earlier, we'll do this with disciplined capital allocation. Our goal is to create value for our shareholders by securing competitive risk-adjusted returns, returns which need to be higher today in our current environment than they were a few years ago. Our investment path is also focused on expanding the breadth of our growth pipeline to 10 gigawatts from our current 4.8 gigawatts to meet the needs of an accelerated growth rate.

Our investment focus for the 2024 to 2028 timeframe will be in three broad areas. Renewables and storage, where we will: expand our core position in onshore wind in North America and Australia with customer-centred greenfield development, as well as acquisitions; expand our position in solar generation, targeting the United States, Canada, and Australia, again, with customer-centred greenfield development, as well as acquisitions; establish a bigger position in storage, targeting Alberta, in particular, for that growth and building on our successful WindCharger and our late-stage WaterCharger project to meet the opportunities that we see to deliver Alberta’s future grid stability requirements; expand our position as a customer-centred hybrid solutions provider, ensuring that we provide integrated low to zero-carbon products to industrial customers, particularly in Alberta and Western Australia that have reliability and emissions reductions as key priorities. Our recent Northern Goldfields solar and storage development for BHP Nickel West is a great example of this. And, of course, we'll optimize our legacy hydro assets to maximize their cash flows and value in the market. For gas generation, our focus will be on optimizing our legacy fleet to enhance value and minimize risks of rapid market changes from decarbonization goals. And we will use the cash flow from these assets to help fund our renewables growth. A key element of this pillar will be the successful completion of our Heartland Generation acquisition with its 1.8-gigawatt fleet of gas-fired facilities and the selective expansion of our portfolio offerings in flexible generation and reliability assets, especially where we can use our optimization skills to advantage. And, as you know, we've established an internal New Technology team, which will monitor developments in new technologies affecting storage, hydrogen, fusion, carbon capture, and SMRs to assess their potential for deployment late this decade and the decade beyond. This is exciting work, and Blain will be speaking to you about just some of the initiatives that we are working on with the team.

And the disciplined execution of our Clean Electricity Growth Plan will have a profound effect on our company. By the end of 2028, we expect that approximately 70% of our adjusted EBITDA will be sourced from renewables generation as we increase the size of renewables in our fleet, significantly higher than the 40% or so that we have today. In fact, we expect to make significant progress in the shift towards renewables generation by 2025. And as we make the shift, our company will be greener, more contracted, more stable, and more predictable. We're positioning the fleet to be effective and competitive in the increasingly decarbonized world we see ahead, but one that will acquire--require a balance between affordability, reliability, and decarbonization. And I'm confident that we will do so. The diversity of our fleet will help us to serve all three elements of a successful energy transition. And we have all of the critical paces in--pieces in place to be successful.

We have a number of competitive advantages that drive our success, and they're all oriented towards meeting the needs of our customers. They're also unique, and they make us unique. Few power producers and developers have the breadth of advantages that we do. You'll hear from Blain about our positioning and the evolution of the market in Alberta, Kerry on our trading and optimization capabilities, Kerry and Aron on our approach to growth, Chris on our operations expertise, Todd on our financial capacity, and Jane on our most important advantage, our people. Our advantages include: a strong balance sheet with over $1.8 billion of liquidity and strong cash flows from our legacy business; operational excellence with extensive experience in wind, hydro, solar, storage, and gas, founded on Canada’s largest wind fleet, Alberta’s largest hydro fleet, and one of Canada’s largest gas fleets; leading optimization and energy marketing and trading expertise, where we have strong capabilities, in-house market intelligence, forecasting capabilities, especially for Alberta, and extensive customer interactions; sophisticated internal development expertise, with teams that are able to manage every aspect and every stage of new project development. Customers are looking not just to pricing for the procurement of clean electricity, but also to developer credibility, and that's where we shine. We deliver what we say we will to our customers, and we develop long-term relationships with them by remaining invested in our projects as owner/operators. We have a local presence in each of our three core markets, with people on the ground focused on growth in our Calgary, Perth, and Boulder offices. And we have a continued focus on the customer, which is something on which we pride ourselves. Our customer-centred framework puts the customer at the heart of everything that we do. Finally, we have leading ESG credentials and extensive CO2 emissions reductions, which we view as being in the vanguard of energy transition. And all of this matters. In each of our core markets, we see governments and businesses embarking on their own ESG journeys, looking to partner with someone that's on a similar journey with experience in the realities of energy transition. They know we can help them, and they trust us to help them with their energy transition journey.

Looking forward to 2024, we're now in position to provide our outlook for we expect--for what we expect will be, in many respects, a transitional year for our company as the Alberta merchant market continues its evolution and we complete and integrate our Heartland Generation acquisition. Relative to 2023, we expect adjusted EBITDA and free cash flow to be impacted by a number of factors, including: Alberta merchant prices weakening to a range of $75 to $95 per megawatt hour, based on our fundamental market forecast, with lower price expectation being driven by the addition of new supply; incremental adjusted EBITDA contributions for the year from Kent Hills and our new projects, including Garden Plain, White Rock, Horizon Hill, Northern Goldfields Solar, and Mt. Keith transmission; and solid performance from the Energy Marketing segment, with a midpoint gross margin expectation of approximately $120 million. In addition, we're carrying relatively high hedge positions into the year, financially and through our C&I business, with approximately 7,500 gigawatt hours of generation hedged around $85 per megawatt hour. This all translates to 2024 adjusted EBITDA of $1.15 billion to $1.3 billion and 2024 free cash flow of $450 million to $600 million.

Our commitment to decarbonization remains unchanged. And the acquisition of the Heartland Generation portfolio is aligned with our longer-term emissions reduction commitments, given Heartland’s considerable transition efforts. We're proud of our decarbonization, reducing our CO_2 emissions by around 32 megatonnes annually, a 76% reduction from 2005 levels and approximately 10% of Canada’s Paris Agreement decarbonization target. We also remain committed to: achieving a 100% mix of renewables and low-emitting natural gas by 2025; reducing 75% of our scope 1 and 2 GHG emissions by 2026 from a 2015 base year, in line with limiting global warming to 1.5 degrees Celsius; and achieving net zero by 2045.

We have a long history of sustainability reporting, which we continue to maintain and enhance as we report annually on our broader ESG sustainability targets. We believe we have a responsibility to make tangible progress on all three pillars, environmental, social, and governance, which you see reflected in the goals represented on the slide, which relate to emissions reductions, support for Indigenous communities, reclamation, and female representation targets. We actually have a much broader suite of sustainability goals that we report on annually, which range from responsible water management to the protection of nature and biodiversity to the reduction of safety incidents. Our work is critically important for the betterment of our employees, our customers, and the communities in which we live and work.

This year, we were pleased to be recognized for our work by CDP, MSCI, Investor Relations Magazine, and other entities. We're proud of the work that we do on the environment, corporate governance, equity, diversity, and inclusion, and employee wellness, to list just a few. And we're proud to be recognized for our efforts. In many respects, our success is founded on our core values of respect and integrity, which is why we're particularly proud this year to have ranked first on Newsweek's inaugural World's Most Trustworthy Companies 2023 list for the Energy and Utilities sector as a company that people trust as a customer, as an investor, and as an employee. Our values matter, are at the heart of what distinguishes our company, and actually underpin our competitive advantages. I'd now like to turn it over to Blain van Melle to discuss in greater detail our Alberta strategy, our current policy environment in Alberta, and the importance of our Alberta portfolio to our company. Blain, over to you.

Blain van Melle: Thanks, John. And good morning. For those of you that don't know me, my name is Blain van Melle, executive vice president of Commercial and Customer Relations.

The Alberta business continues to have exceptional results, a direct tie to our focus on our physical operations, oversight of our trading, hedging and optimization activities, commercial activities, strategy and growth, and all other business-related activities. The Alberta power market is undergoing rapid change due to shifting internal fundamentals and external pressures. The transition towards a net-zero emissions electricity grid, carbon pricing policy, and corporate PPA demand have created an environment that will test the supply and demand dynamics of the system. Portfolio diversification and operational expertise have us well positioned to perform in a market that is increasingly supplied by intermittent renewables generation. Active portfolio management involving fleetwide optimization of thermal, hydro, wind, and storage assets will allow us to remain a competitive player in the Alberta market. I'm gonna walk you through the market evolution within Alberta, including the impacts of the Clean Electricity Regulations, the Market Pathways Initiative and the renewables pause, price forecasting and volatility, supply swings, and the merchant market. I'll then walk through how TransAlta's portfolio, our technologies, and our strategies are positioned to succeed within these dynamic market conditions.

As many of you might be aware, the Clean Electricity Regulations will set the rules for a net-zero electricity system in Canada for 2035. As currently proposed, the regulations are very stringent and, if finalized in their current form, are expected to result in reliability and affordability issues, specifically for jurisdictions that rely on more carbon-intensive generation. TransAlta's diverse portfolio and long-term investment approach is well positioned to work within this regulatory framework, an adjusted version or a future scenario. TransAlta's fleet includes a mix of variable generation, reliability resources, contracted and merchant assets that provide a portfolio that we believe will be necessary resources required in a low-carbon electricity future. We anticipate that the proposed regulations will relax in the next draft in order to allow an orderly transition to net zero in Canada. Natural gas peakers will need increased run hours in order to ensure reliability, and the proposals around emergency provisions will need more clarity. We believe our current fleet is well positioned for however these rules progress, and we have the right portfolio to deliver cash flows in this transition.

Earlier thi--this year, the Alberta Electric System Operator kicked off what is being called the Market Pathways Initiative, a process to determine what market changes will be required to address the emerging issues in the system as we transition to a lower-emitting grid. This process is one we recognized was needed long before the initiative was kicked off by the system operator, and we've been preparing for this reality. We expect that the market will need to be changed to explicitly value and procure reliability services and ensure the right investment signals are sent for the current and future generation sources needed on the grid. TransAlta's fleet of converted gas units and its highly flexible hydro and natural gas peakers, once acquired through the Heartland transaction, will all be important units in any new market structure. We're assisting the AESO in this work and expect outcomes that recognize all the attributes our fleets--our fleet brings to the grid.

And this brings us to the last regulatory process I wanted to discuss today, the pause on renewable project approvals in Alberta. While this announcements--announcement was broadcast across the country, for those of us active in the renewables market in Alberta, the decision to review how the renewable energy buildout is happening in Alberta was not a surprise. Alberta is one of the only provinces in the country where renewable assets can be built for corporate ESG purposes. The queue for project development continues to expand, and many local municipalities and landowners across the province have been expressing concerns. Valid concerns have been raised regarding the cost of the transmission buildout to support the renewable generation connection to the system, the need for reclamation obligations, broader land use and siting concerns, and finally, the implications of system reliability in a world of increasing penetration of intermittent generation. As a company, we agree that these concerns need to be reviewed and addressed. A better framework for addressing these concerns with clear regulatory requirements would be beneficial to the renewables industry and contain and mitigate not-in-my-backyard concerns. As a company, we benefit from having growth projects that have already made it through this approval process. In a period when other projects are trapped in the system, we have projects that can move forward. Again, we believe we are well positioned for the current instability and opportunities that are emerging.

Focusing now on market fundamentals, renewable penetration into the Alberta market continues to progress at a record pace. Total installed capacity of wind and solar generation now exceeds 5.7 gigawatts, with another 2.8 gigawatts under active construction. Current Utilities Commission's approvals before the pause was put in place would see another 4 gigawatts of renewable generation added to the grid before the end of the decade, bringing total installed capacity of renewable, intermittent generation to over 12 gigawatts, matching our peak winter load. New gas-fired generation will add an additional 2 gigawatts of supply to the market before the end of 2024. This will further alter the supply stack due to their large size and high efficiency. Load expectations are highlighted on this figure and the challenges that are upcoming for the safe and reliable operation of the grid in Alberta, as load will often be met with $0 per megawatt hour price--prices for sustained periods of time.

Our forecasts show that prices are expected to decline from the recent levels due to the supply buildout. They will trend up through the latter part of the decade due to load growth and increasing carbon costs. This is an upward revision to the price curve that we showed in 2021, as prices in neighbouring jurisdictions, along with increases in natural gas prices, have bolstered the prices in Alberta. Although power prices are seeing a decline from recent levels, it’s important to note that--the composition of how the average price is shifting. We are forecasting increased volatility, where large hour-to-hour swings will be the new reality of the average power price, which I will discuss further.

The large penetration of renewable generation is leading the AESO to procure new ancillary services that previously were not needed on the system. This slide highlights this challenge by showing the maximum hourly swing in generation that could be possible as wind starts or stops or as solar cover or cloud cover can have on solar generation. We have recently seen swings in generation of around 500 megawatts from hour to hour and expect this to grow by four times to over 2,000 megawatts in the coming years. In a 10,000-megawatt system, swings of over 20% of the generation from hour to hour will lead to the increased procurement of fast-frequency response and ramping products. Large baseload units will have trouble responding to the rapid changes in price due to these swings, highlighting the--highlighting the need for flexible, fast-ramping units, such as gas peakers, hydro, and storage assets.

We are already seeing this opportunity manifest itself. This figure illustrates an example from this September, showing how during periods of low wind and--wind generation, we saw periods of high volatility and stronger prices. I've highlighted three sections of the month, one where wind generation was low and prices quickly exceeded $500 per megawatt hour and two situations where wind generation was over 1,000 megawatts, and prices were firmly entrenched below $40 and touching $0 at times. With renewable installed capacity expected to increase by 150% over the next five years, this situation will be exacerbated and create opportunities for flexible generators to capture more frequent higher-priced hours while not running through periods of $0 pricing. This plays to the strength of our team and the unique capabilities of our fleet.

As highlighted, the rapidly changing grid in Alberta will start to present certain challenges and opportunities. We're moving from a moderately stable generation mix with higher carbon intensity from thermal baseload generation to a grid of high intermittent generation that will require less baseload thermal, increased peaking capacity, and grid reliability products. Although prices on average will be lower, volatility will increase, with swings between $0 and $1,000 per megawatt hour becoming more prevalent. Optimization and fleet diversity will be determining factors in this type of market, and TransAlta's positioned its fleet to compete in this manner.

Our Alberta generating fleet is the backbone of our company and where we started 112 years ago, supplying power to the City of Calgary from hydro on the Bow River. Over time, our fleet has evolved to be largely coal based and has since undergone further transition, moving away from coal-fired generation to being a mix of hydro, renewables, storage, and natural-gas-fired generation, a testament to our ability to pivot to the needs of our customers.

Our wind fleet, with a low variable cost, provides us with a steady stream of environmental credits that allows us to meet ours and our customers' ESG goals. TransAlta is the only large-scale hydro power producer in Alberta, which gives us a unique competitive advantage. Hydro’s fast-ramping ability makes it an excellent provider of ancillary services and grid reliability products, both of which are highly--extremely high-value products. Our WindCharger battery, paired with the Summerview wind facility, can provide fast frequency response products and other ancillary services to the system operator. Our expanding pipeline of storage that--projects will make us an industry leader not only in Alberta, but all of Canada. With the acquisition of the Heartland assets, we will further transform our portfolio. We will acquire a large base of contracted cogeneration assets that have strong, long-term contracts and expands our customer base with some of Alberta’s top energy companies. The almost 400 megawatts of peaking capacity to be acquired through the transaction will position us extremely well. The fast-ramping nature of these units are ideally positioned to capture the expected large price swings and high realized prices. And lastly, although not shown on this page, we're excited to continue the great work that Heartland has done with its Birch project, a 400-megawatt clean hydrogen facility with a carbon capture hub positioned on site.

When we consider our portfolio in both its current form and how we're looking to grow it into the future, we segment the generation types by the service that they can provide to the grid and ultimately, consumers. This table shows the generating types that are available and the various types of market products that can be monetized, for example, baseload energy, peaking energy, and ancillary services. The dark-blue circles with check marks indicate the capability--capabilities that we possess from our current and expanded fleet. Our hydro fleet is the most versatile generation source, capable of providing nearly all required grid products, stressing its high value. Our current and proposed storage projects, along with the future addition of the natural gas peakers, are the next most versatile types of generation that will be needed as our grid changes. And lastly, our converted gas fleet will continue to play in both baseload and peaking hours while backstopping the ancillary services market. Our fleet uniquely positions TransAlta with a competitive portfolio in the affordable and reliable operation of the Alberta grid, ensuring high value to our shareholders.

Our hydro fleet is one the most important segments of our generation portfolio in Alberta. Its geographic nature makes it not reproducible and provides unique characteristics to the function of the Alberta grid. In the past two years, it's underpinned the financial performance of TransAlta’s record results, producing on average $500 million of EBITDA. It’s the largest provider of ancillary services to the grid, consistently covering 60% of total market share. We expect to maintain this market share, giving us base revenue from the hydro fleet in the $125 to $225-million range before energy sales. Along with ancillary services and energy, the hydro fleet provides a suite of other products and services to both the grid, the province, and the communities in which we operate. It’s a provider of black start service in the event of a systemwide black--wide blackout in the province. It assists with drought mitigation by systematically regulating river flows to provide downstream irrigators with adequate and consistent water levels. The hydro system is relied on for flood prevention. Many of our reservoirs can be raised or lowered, depending on upstream conditions, to control downstream flows. On all river systems, the movement of ice can be dangerous, and our hydro portfolio assists in controlling this movement, preventing damaging ice dams and potential overland flooding. It will remain an important resource assisting in Alberta’s green energy transition by, first, creating green power and Renewable Energy Certificates and, second, by acting as a large physical battery with water as its charge, providing peak generation to the province when non-dispatchable renewables are not available. The large turbines provide valuable system inertia, something that is becoming more scarce over time as inverter-based generation becomes more prolific.

Our ability to achieve higher realized pricing and exceptional ancillary service value is highlighted in this slide. As mentioned earlier, the hydro segment has delivered on average $500 million of EBITDA over the past two years. For hydro, this is a result of the unique asset dynamics, as well as our Trading and Optimization teams' ability to strategically use our units to achieve higher-than-average prices by saving water through periods of low load and releasing it during periods of high load. Realized prices from 2021 to 2023 averaged around 120% of the spot price and peaked as high as 180% in Q4 of 2021, a testament to our Optimization team and the hydro fleet’s flexibility.

The converted gas fleet has also had exceptional results in the past two years, with 2023 results expected to be near $600 million of EBITDA. Due to the aforementioned supply and demand fundamentals, capacity factors are expected to decline on the thermal gas fleet post-2024, but we forecast the units still have a place in the market. We expect the system operator in Alberta will need to develop market products to ensure they remain on the grid for reliability reasons and get paid an adequate return. Until such time, these units will be operated as super-peakers, coming online during high-load or high-priced periods. And Chris and I work closely together to optimize capital spend and minimize fixed costs to maximize their cash flow potential.

To illustrate the reliability need for the converted gas fleet, this slide shows how upwards of five converted gas units will be needed on the grid during days of low renewable generation. After taking into account the new combined cycle generation being built and the cogen net to grid, we show that up--upwards of five units will be needed. It's important to note that this is just to ensure there's enough power in the supply stack. If any other generation contingencies are presented--present, then more units could be required. This chart represents average load of 9,600 megawatts and normal capacity factors from all other generation sources. This is about 7,800 megawatts of reliable generation when considering the cogeneration share that is net to grid. In this example, when renewables were producing very little, just over 1,800 megawatts of converted gas-fired generation is needed to ensure grid reliability. This is five 400-megawatt converted gas units. The above-mentioned market products we expect the AESO to develop will have to reflect the value the converted gas units represent in ensuring the grid in Alberta is able to keep the lights on during all hours.

The 431 megawatts of peaking capacity positions us extremely well for increased volatility and price realization throughout the offer curve. The fast-ramping nature of these units are uniquely positioned to be available to respond to large price swings. The ability to go from zero generation to peak generation in a short period of time will be important in enabling the continued expansion of renewables in the province. These units have competitive heat rates and will complement our dispatchable hydro. Unlike large baseload units that will have to run through long periods of $0 pricing, the quick start and stop nature of the gas peakers will allow them to be offline through periods of sustained negative margins and quickly turn back on to capture positive returns.

Our increasing energy storage pipeline positions us to be a leader in the storage space in Alberta. We were a first mover with our WindCharger project and look to build on that as we continue to move forward with WaterCharger and more recently, with our partnership to develop the Tent Mountain pumped hydro project, a 320-megawatt project in the Crowsnest Pass region of Alberta. We continue to monitor Brazeau for further pumped hydro potential, which we view as being required as renewable penetration continues. Our WindCharger battery, paired with our Summerview wind facility, provides fast-frequency response products and other ancillary services to the system operator, which I've--which, as I’ve highlighted, will become increasingly important.

TransAlta is strongly positioned with respect to its hedging and optimization activities in Alberta. First, we possess the entire marketing platform, with a dedicated natural gas trading and scheduling desk, an environmental products desk, and a team of power traders, optimizers, and analysts. Second, we have a strong Commercial and Industrial Retail business to help us secure contracts for our existing and new facilities. Third, fuel diversity and operational expertise have us well positioned to perform in an increasingly proportioned renewable-energy-only market. We deploy active portfolio management involving fleetwide optimization of thermal, hydro, wind, and storage assets, which will allow us to remain highly competitive in the Alberta market. Fourth, we have best-in-class forecasting and analytical capabilities, allowing us to analyze changes in the market and inform everything from daily operating parameters to our longer-term investment decisions. And lastly, as I've mentioned at the beginning, our deep market knowledge and experience allows us to know how and when to pivot our strategies to maximize returns on invested capital.

Our expected thermal production for 2024 is almost entirely hedged at this point, not far-off price levels currently seen in the forward market. We have done this through our active commercial and industrial sales that consistently achieve us more than 400 megawatts of base sales each year, with terms in the range of three to five years. Another 210 megawatts of sales is a result of our capacity contract we acquired with the purchase of the Three Creeks turbines, which have been--been assigned to other assets in our fleet to provide further price certainty. Lastly, we're able to achieve upwards of 500 megawatts of hedges leading up to del--to the delivery year through regular course transactions in the active Alberta forward market. These last 500 megawatts can be flexed up or down based on market fundamentals and the view of our Asset Hedging and Optimization team. Looking forward, our 2025 hedging programme has already seen us achieve upwards of 600 megawatts of sales, solidifying our cash flows and providing avenues for a large portion of our fleet to run at positive margins beyond 2024.

Our expectation for EBITDA and production from Alberta remains strong through 2024, with projected EBITDA between $500 and $600 million, or about 45% of our total consolidated guidance, based on our view of Alberta average power prices in the $75 to $95 per megawatt hour range. We expect continued exceptional results from the hydro and converted gas fleets, with production levels exceeding 10,000 gigawatt hours across the fleet, a result of our high hedge levels and dispatch strategy, just slightly below the 2022 and 2023 forecasted levels.

I'd like to provide you with some key takeaways. First, we will continue to optimize our existing asset base and maximize the value of our hydro fleet, a fleet of assets that is well positioned to meet the changing pricing dynamics of the market and the needs of our customer base. With the additional converted gas units, we will rationalize operations from a cost and efficiency standpoint to ensure we have the most competitively positioned fleet, given the changing market dynamics. Sustaining capital spend at the thermal gas fleet will be minimized and strategic, based on year-to-year assessments of the Alberta grid, forecasted capacity factors, and changing supply and demand conditions. We expect our units to continue to have a place in the evolving Alberta market, and we see value in their ability to backstop grid reliability. The Heartland fleet of gas peakers will be supportive to the energy transition over the next decade. Their fast-ramping, flexible nature will aid in the addition of new renewables. The system operator's need for additional grid reliability products will be served by many facets of our diversified portfolio. Our hydro and storage assets are perfectly situated to serve this growing need. I will discuss our energy innovation progress later on, but we continue to advance numerous new technology options both in Alberta and in our other operating jurisdictions. And now, I’ll hand the podium over to Chris.

Chris Fralick: Thank you, Blain. And good morning, everyone. I’m Chris Fralick, the EVP of Generation. And I'm pleased to discuss some of the exciting elements of the business for which I am responsible.

Let me share with you some of the key aspects that I believe differentiate TransAlta’s operations and underpins our competitive advantage. Our operational strategy is built on our rich history and our experienced team to deliver our current and future operational goals. From the foundation of a fleetwide asset management strategy that delivers real-time asset condition and market knowledge, we are able to optimize our portfolio in both the short and long term. Our Operations team has a strong culture of bottom-up innovation with the belief that there is no beginning or end to innovation. Through our efforts, we find ways to maximize operational efficiencies and reduce costs, which ultimately benefit our customers and deliver shareholder value. For example, we've developed and continuously refined an in-house wind turbine blade icing prediction tool that helps us minimize production losses. And we're focused on being scalable. Our technology-agnostic and cost-effective integration playbook provides for repeatable and consistent integration of new assets. Now, touching on the value of our diversified asset portfolio. Our gas assets continue to play an important role in--in our fleet. We see the need to invest strategically in these assets over the next two decades as we extract value and progress to our goal of being net zero by 2045. As Blain outlined, maintaining low-cost optionality is a key strategic theme for us, which includes looking at options for future development of these valuable sites. As our hydro facilities are and will remain key strategic assets, their reliability, flexibility, and versatility have tremendous value, and we are making investments in strengthening these capabilities. We recently completed the implementation of a new control system, which will improve both reliability and optimization of our fleet. We're investing in improving our ancillary services capabilities by expanding our synchronous condense operations, a service that helps voltage reg--regulation and frequency stability, which is becoming increasingly important. And as we go into our units for overhauls, we look at upgrade opportunities that improve performance. For example, next year, we will be doing an overhaul on Unit 1 at our Cascade facility, which is located right next to the TransCanada Highway as you're driving west into Banff. During this overhaul, we will be installing a new turbine, which will have an additional 5 megawatts more than the current runner. It will be more efficient and flexible and extend the maintains--maintenance interval, setting up the facility to run another 25 to 30 years before its next major overhaul. Our Wind and Solar business is a growing and exciting segment. We have the largest wind portfolio in Canada. And when White--White Rock and Horizon Hill are operational, we will have over 2,500 megawatts of installed capacity, an increase of almost 75% since 2019. This size enables to--us to capture economies of scale and gives us optionality around our operations and maintenance strategy, which have the flexibility to deploy insourced, outsourced, and hybrid models, depending on the geographic and commercial considerations. Our single central Wind Control Centre in Pincher Creek has been enhanced with a new control system. The new system can accommodate any turbine technology and provides our operators the visibility to react to issues on any of our more than 1,000 wind turbines. And then we have our Data and Innovation Centre that mines all of our operational data to identify where we have sub-optimal performance, which helps us maximize availability and extract maximum value of our assets.

We are acutely focused on continuous improvement across our core key performance indicators of safety, availability, OM&A costs, and sustaining capital. Across all indicators, we are delivering positive and sustainable improvements. We are delivering these improvements from three directions. First, strategically from top down through our Clean Electricity Growth Plan, which results in a positive improvement in both OM&A and sustaining capital. While increasing our installed capacity, our growing renewables results in less operating and maintenance requirements and less capital intensity. Second, from the middle, in coordination with Supply Chain and IT, we have been effective in leveraging our key areas of spend through consolidation of RFPs and service providers. And third, through bottom-up innovation, built on a fleetwide asset management strategy, which is optimized for asset criticality and commercial considerations. Regarding availability, we're on track to deliver improvements. As our renewables portfolio increases, we will see an improvement in our availability. And I would like to highlight that there is healthy tension between availability and ensuring that we are there to deliver reliable power when we're really needed. As Blain outlined, being critical--being flexible is critical. Sometimes it doesn’t make sense to shorten an outage if the demand isn’t there. Given the options of maximizing gross margin or pure technical availability, gross margin wins every time. Energy transition and the retirement of coal facilities is the main driver in the de--decrease in our head count. Through our transition, we have focused on maintaining transparency and dealing with our teams in a respectful and supportive fashion. The transition, unfortunately, results in a reduction of our average generating staffing levels by about 1/4. We have been thoughtful to ensure that we are not caught short of experienced staff and have maintained a strong depth of experience across all geographies and technologies supporting TransAlta's current and future generation requirements.

At TransAlta, safety is our core value. And we live by the mantra "safe production is the only production." We firmly believe that the combination of a strong safety culture, both physical and psychological, together with our equity, diversity, and inclusion strategy, which Jane will--will review with you shortly, will result in a safer, more engaging, and more successful business. First highlighting our total recordable incident frequency, we are very proud of our results. 2022 was our best performance on record, which we have continued into 2023, and is well below the industry's benchmark for electric power generation. And while these results are positive, we continue to work to reduce the number of incidents through focusing on our leading indicator of safety report frequency. A safety report is the identification of a hazard, a near miss, or a positive observation. And we believe that being constantly aware of your surroundings and proactively identifying ways to make the work environment safer leads to reduced incidents. Every single TransAlta employee is required to submit one safety report per month. And we use these thousands of reports to identify trends and share learnings across the organization in our pursuit of continuous safety improvement. Our environmental performance has been excellent, reflective of the emphasis that we place on prevention and strong job planning and execution.

We have long been responsible stewards, committed to working with our stakeholders while also effectively managing the inception through reclamation lifecycle costs of our facilities and mines. In 2022, we completed the reclamation of our first retired wind farm at Cowley Ridge, returning the land back to its natural state. We're pout--proud of the progress we've made at our former mine locations. At Centralia, we have reclaimed almost 1,300 hectares. Our Highvale mine transitioned to full-time reclamation in 2022. And we expect to reclaim close to 1,000 hectares by the end of the decade. By working closely with our stakeholders and regulators, we're able to develop a cost-effective approach to reclamation.

In closing, I will leave with you--leave you with the following thoughts about our ability to deliver. Safety is our core value. We are delivering strong results in each of our core metrics, and we’re committed to continuously improving the value of our assets. We believe the--that the key to strong performance and our ability to optimize is a fleetwide asset management strategy. We are able to integrate assets efficiently. We have valuable sites that we are looking to redevelop. And we're responsible stewards of our sites. Thank you. I will turn it over to Chiara.

Chiara: Thank you, Chris. We'll be--we will be pausing for a 15-minute break before we continue with the presentations. We are pleased to offer refreshments and snacks in the Reception area. And we will restart the presentation with our next section in about 15 minutes. Thank you.

John: All of the bricks and mortar we have, all of the facilities that we have are really nothing without the people of the organization. One of the great things about our company is we provide the essentials of life. We power and empower communities. We--we keep the lights on in schools and hospitals and businesses and people's homes. We're better as a company the more diverse we are. We're better as a company the more people feel comfortable to raise ideas, to raise thoughts. The more we put into the mix, the better we'll be at making the decisions that we need to make sure that our company thrives in the future, and the better we'll be as a place to work.

Kerry O’Reilly Wilks: Good morning, everyone. And, as you've heard earlier, my name is Kerry O’Reilly Wilks. And I'm the executive vice president for Growth and Energy Marketing.

As many of you are aware, the North American power industry is an extremely complex mix of regional markets, each with their own set of rules, regulations, products, and systems. Early on, we recognized the strategic importance of developing detailed knowledge and market expertise in regions outside of Alberta in order to gain competitive advantage as the company looked to expand its IPP business. The underlying rationale for the business segment remains unchanged today and continues to deliver three key value propositions to TransAlta. First, Energy Marketing is responsible for marketing and scheduling our generation fleet in Ontario and the United States. This includes dispatch and capacity scheduling for many of our US wind assets, our Eastern gas fleet, and for the Centralia facility. For the gas fleet, the team also manages the procurement of gas, pipeline transport, and short-term gas storage. Through these functions, we focus on ensuring a strong coordination between operations and front office to enable optimal decisions for each asset. Second, the team is an integral part of our growth execution through the provision of market intelligence and due diligence support. Over the last three decades, the Energy Marketing team has established relationships with hundreds of participants, power pools, customers, and suppliers all across North America. While my group doesn’t trade in the Alberta market, we participate in almost all electricity, gas, and emissions markets in the United States and Ontario. When our Development team is looking at potential assets or greenfield sites, there's a high probability that we have experience moving power and gas in those markets. This first-hand regional experience provides immediate insight and due diligence support to the development of new growth opportunities. And third, the segment has accountability to generate a standalone gross margin separate and distinct from the value that they provide to our asset businesses. The team has a strong track record of delivering on all three of these priorities.

Our Power desks have a strong focus on physical power as a baseline strategy, which can be complex and requires real-time 24/7 coverage. This knowledge and coverage allows the team to support and dispatch our facilities across these markets. However, we’re not limited to physical power and trade all products, from congestion rights and virtual transactions to term trades and everything in between. This diverse knowledge base allows the team to not only dispatch our assets, but also provide first-hand insight and due diligence to support the development of new growth opportunities. The Gas desk was added at Tran--as TransAlta recognized the importance of understanding the natural gas pipeline network just as much as the electrical grid. The interplay between gas and power is critical in order to understand how to be successful at trading either of these products. We trade physical and financial gas at a number of points across North America and own pipeline transport and storage rights as well. Our Emissions desk manages the sales of all credits generated by our assets, the obligations incurred in our physical power flow business, and enters into standalone proprietary emissions strategies. The desk has evolved more recently as a way for TransAlta to gain knowledge of the ever-expanding carbon credit markets and products. We trade multiple carbon products, from offsets to allowances to renewable energy credits, in markets across North America. And just like gas and power, the overlap and interplay of carbon with the rest of the energy complex is increasingly important to understand. Overall, we've developed an extremely broad and well-diversified suite of regions and strategies.

Building off of our power flow knowledge allows the team to stay grounded in the fundamental drivers of the market and deliver low-risk, consistent returns. Over the last five years, our Energy Marketing performance has been outstanding, with a five-year EBITDA contribution of more than $630 million, including our 2023 year-to-date results. This equates to a run rate average of over $135 million per year. This strong performance has been driven by layering on strategies that build off of our fundamental power flow knowledge to deliver low-risk, consistent returns. Strong results have also been enabled by market conditions that have presented higher volatility and created many opportunities to deliver these strong returns. Higher market volatility over the last five years has been driven by several factors, such as thermal unit retirements, renewables penetration, and volatile weather events. This volatility, which we anticipate will continue through the energy decarbonization period, has enabled our activities to translate into higher returns. Throughout this period, we've maintained a strong culture of responsibly deploying risk and financial capital.

Through years of expansion and investment, we've built a leading Energy Marketing business that continues to deliver value across the fleet, supports our growth targets, and provides a strong cash contribution to TransAlta. Energy Marketing is--continues to be looked at as a consistent performer and a cornerstone of our business. As we look forward to the end of the decade, we expect market volatility to continue as the market continues to wrestle with the path to decarbonization. Having a strong and knowledgeable Energy Marketing business will be key to delivering our Clean Electricity Growth Plan.

Joining me for our next topic is Aron Willis, executive vice president, Project Delivery and Construction.

I’m pleased to share with you our growth strategy, which advances our Clean Electricity Growth Plan out to 2028. We continue to see strong opportunities to invest in assets that will create meaningful value for TransAlta’s shareholders. Since 2021, we embarked on an ambitious execution programme that's now nearing completion. In addition, we’ve advanced our strategy and built up our development pipeline to position ourselves to continue to deliver on our growth targets going forward. The key driver behind our strategy hasn’t changed since we presented it to you in 2021. Our strategy and growth targets are centred on adding value to the company and for our shareholders in a disciplined way. We're not looking to grow for the sake of growth. Core to our strategy is the work that we do directly with our customers. Most of the projects that we’re evaluating are underpinned by a specific customer need, as an example, the work our Australian team continues to do in partnership with our customer, BHP Nickel West. And we're powering their growth in a clean and sustainable way. To support customers and provide in-market expertise, we’ve established teams based in each of our core markets. Our teams have built a development pipeline that’s approaching 5 gigawatts in size. We’ve accomplished this by exploring expansion opportunities at our existing sites, prospecting new sites in targeted areas, and through opportunistic acquisitions. We’re continuing to employ all three of these approaches as we further expand our opportunity set.

Our Growth and Energy Marketing teams have the capabilities needed within their groups to be successful. But when we analyzed our teams, we found significant opportunities to leverage our skill sets within each of the groups. We’ve realigned our leadership responsibilities in order to fully enable our teams, with the end goal of a more strategic and profitable growth plan for TransAlta. Our Energy Marketing team monitors and operates in almost every single market across North America. They're the tip of the spear in gaining market intelligence and in-depth understanding of the trends in these markets, as well as the requirements of our customers, now and in the future. Through leveraging this capability, we can channel our growth efforts and focus on the key value opportunities that matter. By ensuring our teams collaborate seamlessly, it accelerates our value delivery and maximizes our ability to maintain a high-quality portfolio of growth products and opportunities. I'll be leading the newly aligned team that includes Energy Marketing and Growth, while Aron will be leading the Project Execution and Construction team. Our new structure will require close alignment with External Affairs, which I've led for the past five years.

The TransAlta team is well positioned to compete for business. We've been supporting large customers for decades, and we have our own set of competitive advantages. We're seeing an increased focus from customers looking to ensure that they're contracting with a credible developer and long-term partner that can bring a suite of capabilities to the table. Customers want to contract with someone who's in it for the long term, rather than a developer who'll just flip the asset to a financial investor at COD. They're seeking to contract with someone who has the capability to successfully deliver the project safely, reliably, and on schedule, but also has the capability to optimize and operate the asset reliably for the long term. And that's exactly who TransAlta is. Put simply, the core skills and abilities we have within the TransAlta team puts us in a strong position to win our share of new opportunities in the market. Our team leverages these advantages using a defined process for development and execution of projects, which Aron will speak to now.

Aron Willis: Thank you, Kerry. And good morning, everyone. Kerry has given you an overview of the talented team that we have working on delivering our growth objectives and the capabilities that that team brings to the whole development lifecycle. This is a key advantage for TransAlta. And to take full advantage of those capabilities, we recognize the need to have a strong process for project development and delivery. Successfully growing the business, for us, is all about adding value for TransAlta shareholders. To deliver that value, a project must be built and integrated into the fleet exactly as planned, safely, reliably, on budget, and, of course, with a high level of quality that will allow the facility to achieve its key operating metrics. Successful project execution starts the day that a project is first prospected, not the day that the first shovel is put in the ground. We use a five-stage development process with specific stage-gate checkpoints and handovers to ensure that we're positioning each project for success. Our teams work hand-in-hand with each other. Kerry’s team is responsible for the front end, prospecting, early development, and customer origination. And my team is responsible for building and commissioning the facilities, along with integrating them and handing them over to Chris's--Chris and the Operations team. Critically, while there is a formal handover point from Kerry’s team to mine when a project transitions from the definition stage into the execution stage, the fact is our teams work together right through each stage of the process. For example, one of my construction project managers will be involved in the development of construction contracting strategies and preliminary cost estimating during the screening and development stages of a project. And, equally, Kerry’s Permitting team is involved in managing construction and environmental permit requirements right through the duration of the construction project. Importantly, Chris’s Operations team is also involved in the process. They provide input into equipment selection and facility design, and they're on-site during the final stages of commissioning to help provide oversight to that process and to ensure that they're ready to accept the facility for a seamless transition to Operations. Our process ensures that we have the right people involved in every stage of the project and that we're putting the right level of definition around the activities required at each stage of development. This foundation allows our teams to ensure that our projects are positioned to deliver both the operational commitments that we make to our customers and the financial performance that we commit to our shareholders.

Putting this project development lifecycle to work has allowed us to deliver meaningful growth for the company. In 2021, we set out a clear set of targets under the Clean Electricity Growth Plan. And today, we've achieved over 40% of that original target by adding 800 megawatts of new capacity, as well as the transmission expansion project for BHP Nickel West. Together, these projects constituted one of the largest and most geographically diverse construction programmes that TransAlta has ever undertaken. And as we stand here today, we're nearing completion of that programme. In early 2024, we will have achieved COD at all of these projects, delivering incremental EBITDA of approximately $315 million a year. On top of that growth, the two strategic transactions that we’ve recently announced further added to our fleet. The remaining capacity that we did not already own at TransAlta Renewables and the 1,800 megawatts of capacity in the Heartland portfolio, combined with the 800 megawatts delivered under the Clean Electricity Growth Plan, will result in a total capacity increase of over 3.8 gigawatts. We have significantly grown TransAlta’s fleet since we set out this plan in 2021.

While we've been adding these new assets, we’ve also been focused on growing the development pipeline. In fact, our team has significantly increased the size of our pipeline, and we're already closing in on our original target of growing the pipeline to 5 gigawatts by 2025. Today, we're just over 4.8 gigawatts in total, and we have several prospects that we continue to evaluate as possible additions. This is a high-quality list of project opportunities that we will continue to develop and offer to customers once each project reaches the right level of development maturity. And within the pipeline, there are several unique projects, projects where we have an advantage that our competitors cannot replicate, for example, the opportunity to redevelop--redevelop our thermal sites or the opportunity to continue to grow our business with existing long-term customers. The pipeline is a core enabler for us to deliver new growth. And I’m confident with this list of opportunities and our disciplined and customer-centred approach to investments, we'll be able to deliver on the growth targets that we’ve set. I’m gonna hand the podium back to Kerry now to talk about those targets out to 2028. Kerry, back to you.

Kerry: Thanks, Aron. The United States is the largest and most active market amongst our three core geographies. Demand for corporate and investor-owned utility PPAs remains strong. Within the US, we're focused on three sub-markets, WECC, or more specifically, the Pacific NorthWest, MISO, and PJM. These are markets that we understand well and ones in which we believe will add significant value to the pipeline.

In the Pac Northwest, we continue to see demand growth resulting from the shutdown of coal-fired generation and preparations to implement the coordinated Western Resource Adequacy Programme. We anticipate total new capacity based on IRPs in the neighbourhood of 5 gigawatts. In MISO, we see demand driven by corporate load that isn't being filled by PJM due to queue reform delays. We see demand, at least temporarily, shifting from PJM to MISO. Our MISO asset is complemented with development projects and multiple prospects in the region. We'll add development sites to ensure we're in a position to have projects advanced when interconnection issues are resolved. We're also closely watching SPP and ERCOT, as these markets are likely to remain active due to the quality of the wind and solar resource, ampable--ample available sites, and particularly with ERC--ERCOT, low barriers to entering the queue. These regions are generally supportive of renewable development. Our portfolio includes sites in SPP that we'll continue to evaluate and develop with a focus on quality offtake contracts and utility PPAs.

In the Canadian market, no surprise, our main focus is in Alberta, where demand for corporate renewable offtake remains, as well as opportunities to add storage and peaking capacity. In Saskatchewan, we are seeing changes that would allow us to build clean power solutions for corporate customers. New Brunswick and Nova Scotia are still heavily supplied by coal and need to find a solution for their own transition. We have a strong relationship with New Brunswick Power and are exploring the addition of several growth opportunities at Kent Hills with them. We also have an eye on the green hydrogen space, particularly in the Maritimes. Moving to Ontario, there's been great change from two to three years ago when the system operator was predicting limited need for new capacity in the province to today, where they're now discussing a need for over 4 gigawatts of new capacity and growing. Our Sarnia and Windsor facilities are both well positioned in regions that have been identified as needing new supply, and we're engaged with the Ontario government exploring these opportunities.

In Australia, the story is all about the mining industry. Global demand for the commodities being produced in Western Australia is extremely high, and the miners are developing new assets and expanding existing operations to meet that demand. Our team and our capability in the region, demonstrated by reliably supplying our mining customers for over 25 years, sees us in a strong position to grow our business there. These projects provide solid returns that are 100% contracted with large, creditworthy customers. We're continuing to successfully new--add new assets through our unique PPA with BHP Nickel West. As well, we're in discussions with existing and new customers on meeting their energy requirements with a mix of generation technologies that are highly reliable, even in the case of very high renewable penetrations in off-grid applications. The team in Australia is providing a true end-to-end energy solution for our customers. Given the remote nature of the mining operations in Western Australia, our customers want that end-to-end solution and are willing to partner for the long term in order to achieve it. This aligns very well with our own growth objectives. I'll now pass you back to Aron to walk through our assessment criteria and how we think about project returns.

Aron: Thanks, Kerry. As we evaluate investment opportunities across these three geographies, we do it in a very disciplined way. Once a project is ready for a final investment decision, at the end of the third stage of our project development lifecycle, we have a rigour--rigourous review process that the project must pass through both at management and board levels before the project is approved to proceed. These discussions involve a full review of a project's attributes, the fit within our strategy, the quality of the counterparty, our financing strategy, and, critically, a full review of the risks presented by the project. Often, a team returns for multiple discussions at these committees having incorporated the feedback to further improve their project. When we think about how to measure the value of a project, we tend to evaluate them across five main metrics. We obviously look first at the project's rate of return as a key focus. We use IRR as our measure here to evaluate the overall project return, but importantly, we also look at the portion of the return that is contracted versus how much is--is merchant. We also explicitly evaluate the return of capital during the contracted period. The purpose of these measures is to ensure the risk balance is appropriate. We continue to see many assets with limited upfront contracted return and therefore a significant portion of the return based on some future merchant exposure.

We're generally targeting a higher level of contractedness in the projects in which we're willing to invest. And in instances where a project does have a portion of its return dependent on future merchant exposure, we use conservative price forecasts in our models for those merchant periods. The other two metrics we look at are TEV, EBITDA, and cash yield. Together with the return metrics, this suite of criteria provides us with a well-rounded view of the value that a project's creating. We think it's important to look across these metrics to understand the complete picture of the value being created and balancing our view of returns, total capital invested, and cash yield. Depending on the nature of a project and its specific risk profile, one of these metrics may take on a higher priority than others in our review. So, what about returns then? Well, project returns and hurdle rates are frequently debated topics in our shop, as I know they are everywhere. And lately, we've seen returns available in the market starting to improve to reflect increased construction costs and project risks. And at the same time, we have increased our own hurdle rates for projects, requiring improved metrics right across our suite of assessment criteria in order for us to approve an investment. We don’t think about return requirements as a single point. We tend to think about them in ranges. And, as I said, our requirements for each project will be different and depend on the specific characteristics of that project. The type of asset is a big contributor to the spread of returns. And certainly, there are different expectations across solar, wind, or gas assets. And on the right of the slide, I’ve listed a few more of the specific characteristics that have an impact on return requirements. And I suspect there's no surprises here either. Level of contractedness, quality of the customer, whether the asset's constructed versus operating, and the size of an investment are all examples of the types of things that vary widely across opportunities and greatly impact the level of return that we would require to invest. Thinking back to 2021, we had indicated we were targeting in the range of 8% to 10% returns, depending on the project. In today’s environment, we've increased those requirements and--and are generally targeting returns now north of 10%. We constantly evaluate the conditions of the market and adjust our requirements in consultation with our board to ensure our projects are delivering the value we expect. We have taken and will continue to take a disciplined approach to evaluating project economics. This has been a core feature of our approach to growth and one that we think is particularly important in the evolving environment in which we find ourselves today. Now, Kerry is gonna take us home in the growth section of our presentation with a look at our development pipeline and some of our most advanced development projects.

Kerry: Thanks, Aron. Before I talk about our most advanced development projects, I wanted to give you a quick look at the pipeline as a whole. I'll do that by country, starting in the United States. We use a specific set of criteria that projects must achieve before we formally add them to our pipeline. In the US, we have over 2.2 gigawatts of projects that are in our pipeline, but we also have over 2 gigawatts of potential prospects that the team is working to develop. Our US pipeline has a number of opportunities that we're positioning for a final investment decision opportunity in the 2025 and 2026 timeframe.

In Canada, we have another 2 gigawatts of projects in the pipeline, as well as over 800 megawatts of projects that are still in the prospecting phase. Not surprisingly, the pipeline is heavily weighted in our core Alberta market. We continue to see a number of good opportunities in Alberta, with our most advanced projects all being in that market. Our Canadian pipeline has a steady pace of projects targeting final investment decisions across 2024, 2025, and 2026.

And finally, in Australia, we have over 400 megawatts of projects in the pipeline. Each of our mining customers have announced significant expansions of their operations, and our team is working to ensure that we can supply their--their needs. I expect more projects to advance into the Australian pipeline as we continue to identify opportunities with our current and prospective customers.

I do want to spend a couple of minutes on our most advanced projects, which represent an investment of over $500 million and provide an excellent suite of opportunities for the next tranche of investments towards our Clean Electricity Growth Plan. First, I'll start with WaterCharger, which is a 180-megawatt, 1-hour-duration battery located at our Ghost Hydro facility. We see this storage opportunity as an important and valuable augmentation to our Alberta portfolio as the market continues to transition, taking advantage of both low and high-demand periods.

Moving to Pinnacle now, this is a unique 44-megawatt, gas-fired peaking project. Last year, we took advantage of an opportunity to purchase four engines that were available on the market at a significant discount. Pinnacle is being developed at our Keephills facility, which will allow us to take advantage of the existing site and infrastructure, including the transmission interconnection that's there today. All of this will allow us to install the plant at a low cost and create an efficient, fast-ramping facility to add to our Alberta portfolio. Peaking facilities will be important in Alberta as the grid continues to transition. These facilities can respond to periods of very high demand and can also respond very quickly during periods of lower wind or solar production in the province. The capabilities of these types of facilities will be important enablers for the grid evolution, including the addition of more renewable generation over time.

Moving to Australia now. BHP Nickel West has been our customer for over 20 years. The Mt. Keith expansion will see the addition of 94 megawatts of efficient gas-fired generating capacity to the network to supply our customer's increasing loads. The generators will include synchronous condenser capability in anticipation of additional renewable capacity to be added to the grid in the future. Under our PPA, this capacity expansion will be fully contracted for the remaining life of the BHP Nickel West PPA. We're targeting to have the new capacity at Mt. Keith online in the second half of 2025, and once completed, the new generation will actually reduce carbon emissions by approximately 19% compared to today’s levels.

Next, I'd like to talk about the Joint Development Agreement with Hancock Prospecting that we announced this morning. The team is proud to be adding another top-tier customer to our portfolio. We’re excited to work with the Hancock team to assess and optimize energy supply solutions for their growing operations in Western Australia. This new relationship enables us to deeply understand the energy needs and growth plans of Hancock, to use the knowledge and expertise of our team to design custom solutions to meet both their energy demands and their emission reduction objectives while providing reliable power supply to their operations. I’m excited about this new relationship and expect it to lead to new opportunities that we’ll be able to share as part of our development pipeline.

As I close this section of our presentation this morning, I want to come back to the key takeaways. First, our strategy and our growth targets are centred on adding value to the company and to our shareholders. We'll continue to apply a high level of discipline around the investments that we make to ensure that we deliver that value. Second, the core of our strategy is based on our customers. The work that we do with customers, backed by the diversity in our fleet and our expertise, allows us to understand the customers' objectives and to design and deliver solutions that meet--meet both their power supply and ESG objectives. Third, we have focused development in three primary markets, with opportunities resulting from the US IRA and Canadian ITCs. We have technological diversification between wind, solar, hydro, natural gas, and storage. New business opportunities will be sourced by existing customer relationships and greenfield development expansions in markets that we know well. In addition, we're pursuing select early and mid-stage development acquisitions, bolstering the pipeline and smoothing project timelines. Fourth, we're capitalizing on our internal talent to advance priority development projects, to create new greenfield opportunities, and to val--add value through accretive acquisitions and partnerships. And fifth, our market intelligence provides deep understanding of customers, integrated resource planning, and market pricing. Our energy management and market analytics allows TransAlta to maximize revenue streams and strengthen and enhance our customer relationships, capitalizing on repeat business. I’ll now pass the podium back to Blain to discuss our new technology pathways.

Blain: Thanks, Kerry. TransAlta continues to make progress on our identification of the next generation of power and energy solutions that will be needed for our customers' needs to--in an efficient and clean, affordable manner.

Considerable time has been map--has been spent mapping out these pathways, from short to medium-term storage, hydrogen-fired generation, smart grids, and EV adoption, to how the evolving nuclear landscape will play a role, whether that be fission reactors, such as SMRs, or fusion-based reactors. We take a timeline approach that sees short to medium-term storage options developing further through the latter part of this decade before hydrogen becomes more commercially feasible by 2030 and then the advancement of nuclear options through the 2030s and '40s. As we approach net-zero governmental mandates, it will become more important to be at the forefront of technology innovation to remain competitive and to deliver on our commitments to our customers.

I'd like to share with you some of the exciting innovation initiatives and partnerships that TransAlta is involved in to advance clean electric--electricity solutions. We're actively pursuing a range of opportunities, from renewable energy sources to emerging technologies, to support the transition to meet our net-zero goal by 2045. One of our key partnerships is our $25-million investment in Energy Impact Partners' Deep Decarbonization Frontier Fund, a fund focused on investing in early-stage companies developing breakthrough solutions for deep decarbonization in electricity, industry, transportation, and buildings. We also have fellows on the Energy Futures Lab, a multi-stakeholder initiative that brings together innovators, influencers, and experts from different sectors and perspectives to address the challenges and opportunities of achieving a net-zero Alberta electricity system. This year, TransAlta sponsored the Energy Futures Labs' Alberta’s Electricity Future's Working Group, which aims to foster collaboration to explore and test new solutions for a reliable, affordable, and low-carbon electricity system in Alberta. Following our $2-million investment in 2022, we sit on Ekona Power’s Strategic Committee and explore opportunities to utilize their early-stage hydrogen pyrolysis technology. Ekona’s technology promises to produce low-cost, clean hydrogen from natural gas with a significant reduction in carbon dioxide emissions. We also continue to participate in the energy innovation ecosystem through engagement with organizations like Plug and Play and Foresight Canada that incubate and accelerate startups by matching new technology solutions with practical problems identified by end users, such as TransAlta. Finally, we continue to work with Zap Energy, an Energy Impact Partner portfolio company, that is working on commercializing fusion energy. Funding was received in 2022 through the Centralia Coal Transition Board towards a $1-million feasibility study for deployment of their fusion technology at our Centralia site. In conclusion, TransAlta is leveraging our expertise, resources, and network to support the growth and success of the energy innovation ecosystem both Canada--both in Canada and globally. We're committed to advancing clean and sustainable energy solutions that can create value for our customers, communities, and shareholders and contribute to the global energy transition to net zero. With that, I'll hand it over to Todd.

Todd Stack: Thank you, Blain. And good morning, everyone.

There are three key themes that I wanna cover this morning. The first is the strength of our financial foundation. The second is how we think about allocating capital and deploying capital. And third is how we think about funding our growth programme through 2028. Looking first at our financial foundation, two years ago, at our last Investor Day, I spoke about the strength of our balance sheet and outlook for the future. Fast-forward to today, and we've continued to build a robust and resilient foundation, and our balance sheet has never been stronger. We remain prudent in our use of leverage and have maintained our debt levels over the past three years while at the same time adding over 800 megawatts of new, highly contracted generation, as well as acquiring the 40% of TransAlta Renewables that we didn't own. Our credit metrics have remained well below our targeted levels. And our liquidity levels provide significant cushion and flexibility to fund the business and bridge any growth opportunities. We expect to continue this theme through the next phase of our transition and growth. Our second theme is that we remain committed to a disciplined approach to growth that brings value to our shareholders. We continue to believe that growth in the contracted renewables business will provide significant long-term value for shareholders. As Aron discussed, the cost of capital has increased significantly over the past two years, and our project hurdle rates and metrics have increased with it. In addition to project standalone returns, we continue iden--continue to identify opportunities at the corporate level to drive additional value. While we're committed to advancing the Clean Electricity Growth Plan through greenfield development, we continually test that programme against others, potentially higher-value alternatives, including M&A opportunities. The third theme is our ability to fund growth. We're in an exceptional position to organically fund the 1.75-gigawatt Clean Electricity Growth Plan laid out by John. Not only is the balance sheet in great shape. We expect to generate and retain significant cash flow over the next five years to enable the funding of the growth plan. The buy-in of our subsidiary, TransAlta Renewables, provided us with a number of financial and strategic benefits. The transaction boosted our ownership interest in contracted EBITDA. It increased our retained free cash flow. It simplified our capital structure. And it simplified our capital allocation decisions.

Before I jump into the outlook, I wanted to highlight our progress over the last several years to enhance value. From 2021 through 2023, the company has delivered over $2.4 billion of free cash flow for shareholders, or almost $9 a share. Almost $300 million of the cash--of the cash flow was returned to shareholders as dividends and share repurchases, and a portion was used to retire amortizing debt. However, the majority was redeployed back into the company. The new assets that we've added over the last two years will support long-term, stable EBITDA and cash flow for decades to come. And this morning, we announced our guidance for 2024. Next year, we expect to deliver between $450 and $600 million of free cash flow, or roughly $1.70 a share, at the midpoint of our guidance. Our performance over the last year--over the last several years has resulted in very strong credit metrics, well in excess of our current targets. Our performance has given us the capacity to execute our greenfield growth plans, fund the acquisition of TransAlta Renewables, and announce the acquisition of Heartland Generation. While our credit metrics will fluctuate with the merchant revenues from our business, our recent fleet additions will increasingly improve our ability to generate predictable and rateable cash flows through 2028.

Under our previous dual structure of TransAlta and TransAlta Renewables, our capital allocation framework was complex. The simplification of our corporate structure has significantly streamlined our approach on capital allocation. Free cash flow is a key metric for TransAlta and, going forward, provides the starting point for our capital allocation decisions. And we really think about capital allocation in four buckets. The first two buckets are areas of high commitment; our focus on maintaining our credit ratings and our ability to fund the dividend. Our balance sheet was right-sized several years back, and our debt balances have been steady since then. With strong credit metrics, our main debt focus has been and will continue to be principal payments on our amortizing debt, which have averaged around $100 million per year. Over the past three years, we've paid out about $160 million in dividends, which reflects a payout ratio of below 10% of free cash flow. The lower payout ratio is reflective of the exceptional cash flows in 2022 and 2023. Our dividend payment for 2024 is expected to be $75 million, which equates to a payout ratio of about 14%, based on the midpoint of our 2024 free cash flow guidance. Our next priority after the balance sheet and dividend is to fund the execution of our growth plans. We expect to deploy the majority of our free cash flow in the future towards growth, either greenfield projects or M&A transactions. Over the past three years, we deployed $1.4 billion of cash towards our greenfield growth, $800 million of cash towards the TransAlta Renewables acquisition, and we recently committed $390 million to fund the acquisition of Heartland Generation, which is expected to close in mid-2024. We continue to believe reinvesting in assets will provide the strongest long-term value for shareholders. As I highlighted earlier, the cost of capital has increased significantly over the past two years, and we've reflected this in all our growth analyses. We continue to balance risk/return trade-offs, and we're committed to ensuring that all projects add value for shareholders. Our growth programme is triangulated around a 10-times TEV to EBITDA build multiple and project equity returns at the 10% level or greater. We believe these thresholds provide an appropriate return premium based on the targeted risk profile that we expect from highly contracted renewables projects. For projects that include above-average risk, such as merchant projects, the hurdle rates are sub--significantly higher. In 2022 and 2023, we repurchased a total of $125 million of common shares at attractive prices, and we'll continue to execute opportunistic purchases in support of our share price.

I'll turn now to our funding outlook over the next five years. As we look forward through 2028, our capital use demands require about $5 billion and are driven by our Clean Electric--Electricity Growth Plan programme, where we're looking to deploy $3 1/2 billion of capital. In addition to growth investments, we'll also repay $1 billion against our amortizing debt and tax equity, we’ll fund the closing of the Heartland acquisition next year, and we’ll distribute about $400 million in dividends to shareholders. Looking at sources of our funding plan, as I highlighted earlier, cash on hand and free cash flow make up the majority of our funding needs. The midpoint of our guidance for 2024 is at $525 million, and in combination with our cash on hand and forecasts for operating cash flow through to 2028, we expect to fund just under $3 1/2 billion with organic funding, which represents about 65% of our total funding needs. We view our ability to fund a significant portion of our growth capital from internally generated cash flow as a competitive advantage, particularly given the current capital market conditions. As we add new assets to the portfolio, we do expect to raise additional debt financing to fund about 50% of our growth spend. The actual amount of debt financing will reflect the specific risk profile of new projects and take into consideration our overall debt levels and our credit rating. Our free cash flow estimate over the next five years is based on our internal forecast, as Blain described earlier. The plan currently identifies the potential need for a small amount of additional capital. Our actual results over the next five years may close this gap, given the volatility and uncertainty on power prices. Absence--absent this, we may need to source additional capital from alternate sources as we execute our plan. We see this requirement to be modest and readily fundable. As we've demonstrated over the past two years, share repurchases will continue to be a feature of our capital allocation framework. During periods of share price underperformance, we view buybacks as an excellent opportunity to return capital to shareholders.

Funding our growth programme with operating free cash flow has been our primary channel over the past few years, but we do utilize and evaluate other sources on a regular basis. First, looking at debt, we do supplement our growth funding with debt either at the asset level or the corporate level, depending on the project risk. We have access to all forms of debt financing, including project finance, corporate debt, hybrids, and convertibles, and we’re able to access both the US and Canadian markets. We regularly assess the most appropriate form of debt financing for each transaction. Partnerships can be very useful, primarily on larger projects. We currently have a number of partnerships in place and may look to engage with new partners in the future, both to meet funding needs and to limit our financial exposure to any one single project, portfolio, or geography. Asset recycling remains an option for the company. Our divestitures over the last two years have been limited to surplus equipment and two run-of-river assets in Ontario. We regularly review our asset portfolio and evaluate the benefits of strategic divestitures, which would add incremental value for shareholders. Our immediate growth plans don't contemplate the need to issue common equity. However, as demonstrated in the TransAlta Renewables acquisition, equity may be required for M&A activity or other strategic growth projects, depending on the size of the transaction.

Before I wrap up, I'll touch on a few other key areas. As we announced in the second quarter, we were able to further increase our full-year guidance for 2023, in large part, due to the continuing strong cash flows from our gas and hydro businesses in Alberta. We continue to see strength in Alberta power prices in Q4 and remain confident in our revised guidance. This morning, we were pleased to announce that our board has approved a 9% increase in the dividend level to a new annualized dividend of $0.24 a share. This equates to an average dividend growth rate of 10% over the last five years. The dividend increase reflects the success of our financial transition, our strong performance in the first 10 months of the year, and our confidence in the company's ability to support the dividend over the long term. Turning to our credit rating, we currently have an investment grade rating of BBB low with DBRS, BB+ from S&P, and Ba1 from Moody's. The company has been successful in raising capital with our split rating, and we're comfortable executing our growth strategy at these rating levels. The majority of our growth plan is focused on contracted renewables assets, which we view as credit positive. And we expect to add debt to fund roughly 50% of the new projects. We have no bond maturities over the next three years and expect to extend or refinance our 2024 term loan facility next year. We're targeting a debt to EBITDA ratio of between three to four times. However, it may fluctuate outside of this range for short periods, given our merchant exposure. As I mentioned earlier, our ratio has been significantly below this level in 2022 and 2023, driven by strong power prices. However, we expect the ratio in 2024 to be within the three to four times range following the completion the TransAlta Renewables acquisition, the closing of the Heartland Generation acquisition, and based on our EBITDA guidance, announced this morning. And turning to share value. We continue to see our shares as undervalued. Over the past three years, the company has generated $9 per share of free cash flow, with the majority retained in the company to expand and transform the fleet. In 2024, the company is expected to add just under $2 a share of free cash flow, which will also add to shareholder value. In addition to the intrinsic value of the fleet, we have significantly grown the size and value of our growth pipeline and expanded our execution capabilities. We remain confident in our outlook and believe TransAlta is a good investment opportunity.

Let me close with three key points. First, we're committed to repaying--remain disciplined on targeted returns and will not proceed with projects that don't meet our risk/return targets. Second, the balance sheet and outlook for the company has us positioned extremely well to execute this programme. And third, our plan is in place to fund our growth programme and free cash--with free cash flow and manageable debt issue--issuances supported by the new assets. My final comment will be to reinforce that John and I, as well as the rest of the Executive team, are focused on growing long-term shareholder value and believe that our growth plan and funding plan will deliver on that goal. And with that, let me turn it over to Jane.

Jane N. Fedoretz: Thank you, Todd. Good morning, everyone. I am Jane Fedoretz, the EVP, People, Culture, and the chief administrative officer. At TransAlta, culture is a differentiator. People matter. They are integral to executing everything that we've shared with you today. With a dedicated focus on our culture and employee engagement, TransAlta has become a purpose-driven, learning-oriented employer of choice whose employees are focused on achieving results. Over the next few minutes, I'm going to walk through our culture journey, the progress that we've made, and the tangible results that we have seen since we last interacted in 2021.

Let's talk about culture. Culture is the heartbeat of an organization. It's how we interact. Simply put, it's the way we do things around here. As you know, TransAlta finds itself in an energy transition while simultaneously being in a volatile, uncertain, complex, and ambiguous work environment. This uncertainty has provided an incredible opportunity for employees. And we have responded by actively and proactively addressing workforce needs, succession plans, and talent demands. We have taken a hard look at how we can create a culture to enable each of our employees to think critically about the future, feel empowered to drive solutions, and be ready for any challenge that comes our way. You may recall that seven years ago, we started on this journey by focusing on organizational health. In the first few years, we achieved groundbreaking progress. In comparison to our benchmarks, we went from the bottom to the top quartile. And it is nothing short of remarkable. In 2021, we learnt that our employees wanted a different corporate culture, where they could be powered--empowered in a more meaningful way. And we listened to them. And we made a pivotal shift by focusing on building a purpose-driven, learning environment, encouraging employees to speak up, be candid, engage in productive conflict, all with the view to improve problem solving and innovation in order to create high-performing teams and deliver better results, another element of our aspirational culture. We have walked the talk, looking deeply at our talent, launching comprehensive succession plans, customizing leadership development programmes, developing competitive compensation and benefits, championing equity, diversity, inclusion, as well as health and wellbeing initiatives. And our achievements have not gone unnoticed. Not only are our employees experiencing the change, we have received industry accolades, and we've been asked to share our experiences with others, which has added to our credibility. Over the last 12 months, we’ve increased our psychological safety at the company by 15%, and we've also increased our employee engagement in all areas that we measured. The results are real and has harnessed employee momentum, resiliency, and a one-team mindset geared to excellence in execution.

According to our benchmarks, over the last three years, our ED&I score has becoming--has become industry leading in our sector. Because we believe in creating an environment where people belong, are fully present, and can bring their full selves to work, we have set aspirational goals to supersede the tech sector’s ED&I results, which are the highest performing sector in corporate Canada.

We also know that there’s a direct correlation between increased employee engagement and reduced turnover. In fact, our commitment to culture has driven TransAlta’s voluntary turnover rates well below the Canadian average in our sector, delivering substantial cost savings. The data shows that companies with highly engaged employees are 21% more profitable and 17 more--17% more productive. This just isn't a corporate trend. It's a game changer. Highly engaged employees have propelled our profitability and productive--productivity. And all of these programmes matter, not only to our employees, but it's critical for our investors to understand that we're good stewards of your investment dollars. Why? Because costs matter. And finding talented people now is a scarce resource. Losing employees is expensive and disruptive to a business. For example, a recent Forbes article estimates the cost to replace an employee at three to four times the position’s salary, and this aligns with the Canadian data. In addition, the many months required for an employee to reach maximum productivity levels is costly. Through our intentional and our focused efforts on culture and employee engagement, we are pleased that we've been able to manage these costs and bring more value to you, our investors.

Steady year-over-year increases in employee engagement has enabled us to retain top talent, has driven exceptional results, and has resulted in tangible cost savings. The work is driving a direct short-term and long-term--term value for our investors. Over this past decade, our focus on culture and people has built a workforce that can take on any challenge coming at us. And we think that we're more productive and more engaged than our competitors. We are taking the energy transition seriously, and it’s reaping rewards. And along the way, as we've shared our story, our values, and success in this work, we’ve started to capture the attention of people and companies locally and internationally.

So, we’ve made a lot of progress. Going forward, we are committed to continue focusing on our culture transformation, improving our employee engagement, driving the--improving the employee ex--experience, and prioritizing employee retention. Because when we build a culture with psychological safety, where people belong, they're able to speak up, raise ideas, and are engaged, we strengthen our one-time--

team mindset, and we execute better. And ultimately, we'll drive better results. I will now hand it back to John for closing remarks. Thank you.

John: Good. Thanks very much, Jane. Our people truly are at the core of our company and all that we do.

This morning, we updated our Clean Electricity Growth Plan, which continues to be founded on our company growing prudently as a low-carbon customer solutions provider. Our focus is very much on delivering lasting returns and value to our investors. Our six strategic priorities guiding our path from 2024 to 2028 include: optimizing our Alberta portfolio; executing our Clean Electricity Growth Plan; selectively expanding our portfolio offerings in flexible generation and reliability assets; maintaining our financial strength and capital discipline; defining the next generation of power solutions; and leading in ESG policy development. We also provided you with some insights on the evolution of the Alberta market and our positioning in it, our guidance for 2024, and an update to our capital allocation framework. We're optimistic and see considerable opportunities for TransAlta as the race to decarbonize unfolds over the next decade. We're targeting 1.75 gigawatts of new renewables capacity by 2028, stemming from $3 1/2 billion of growth capital and resulting in new annual EBITDA of $350 million by 2028. And our investment focus will be primarily on contracted customer-centred wind, solar, and storage, all with a focus on capital allocation discipline. Our goal is to create value for our shareholders.

I'd like to close, as I always do, by highlighting what I think makes TransAlta an attractive investment and a great value opportunity. First, our cash flows are resilient and supported by a high-quality and highly diversified portfolio. Our business is driven by our contracted wind portfolio, our unique, reliable, and perpetual hydro portfolio, and our efficient thermal portfolio, all of which are complemented by our world-class energy marketing capabilities. Second, we're a clean electricity leader with a focus on tangible greenhouse gas emission reductions. Our decarbonization journey has resulted in greenhouse gas reductions that represent close to 10% of Canada's 2030 target. In addition, our focus on removing systemic barriers through our commitment to equity, diversity, and inclusion and good governance places us well ahead as a leader in ESG. Third, we have an extensive set of growth opportunities, including a pipeline of advanced-stage projects and an--and a talented Development team focused on realizing its value. Fourth, our company has a strong financial foundation. Our balance sheet is in great shape, and we have ample liquidity and visibility to strong future cash flows to enable us to grow. Finally, we have our people. Our people are our greatest assets. We are committed to a company culture where everyone belongs and can bring their best and authentic selves to deliver great results for our company in the TransAlta way. We're at an exciting time in our development, and we are well positioned for the future as a leader in safe, low-cost, reliable, and clean electricity generation focused on serving and meeting the needs of our customers.

Thank you very much for attending this morning. We look forward to your questions. I guess we'll get set up, Chiara? Yeah. Great. Any questions?

Chiara: Any questions?

John: Sure.

Chiara: Please come up.

John: I think, Ben, just come up front to the mic there and just go ahead and ask.

Chiara: Yeah, just to the mic.

John: Yeah, it's participation. I know it's--

Chiara: Sorry about that, Ben.

Ben: Maybe thinking of strategies, 70% renewables. And my question is, why can't it be 90% or 100%? And then maybe on the other side of that, instead of building renewables at 10 times TEV, you can buy gas power assets, it seems, at 5 times in the marketplace. And so, the other side of that is really, what about below 70% and how you've thought about the strategy going forward?

John: Yeah. So, look, we--we see two things developing. We see the demand for renewables continuing to develop. And candidly, transitioning a company like ours can't be done instantaneously, Ben. I mean, I think it's gonna take us a while to go from where we are today, with the strong cash flows that we've seen certainly over the last two or three years from our gas fleet and our hydro fleet, stabilized by our renewables fleet, more to an evolution as the growth comes in, where we'll see the--the renewables come in. We do see a continuing role for the gas assets. I think the returns we see in the gas assets, candidly, are higher. They're not valued as highly in the marketplace, but they are certainly higher returns. And we think that in order to affect the kind of transition that we need to make in a responsible way, primarily, for example, in Alberta, you're gonna need both. You're gonna need to have the reliability products that the market's gonna need as we begin to evolve towards the renewables. I think as well, our gas fleet, those legacy assets are really what creates the cash flow to effectively permit us to pivot. I mean, the strategy, when you boil it down, is essentially a--a simple one. It's about using the legacy cash flows to help fund the transition of the company to a greener, cleaner, more contracted, more stable cash flow base.

Ben: And then maybe on 2024 guidance, going through some of the assumptions here, you've hedged 85 bucks, but you're expecting $85 at the same time in terms of pricing. Maybe rationale for why the high level of--of hedges on a percent basis? And is there anything in your scenarios where you are worried perhaps the pricing could be well below that level as you run through that hedging strategy and thought process?

John: So, we began the year. So, first of all, you have to understand that a good chunk of the hedging that we do is based on our CNI business. It's roughly 40% or so of the hedging that we actually do. Those are longer-term contracts, typically three-year, I think, weighted-average contracts. And the prices there are pretty good. As we began to see the prices develop, and we look at our own fundamental modelling, our view, based on kind of probability distributions that Blain and his team look at, was that $85 was not an unreasonable place for us to hedge. We've effectively tried to set ourselves up to derisk the thermal fleet and make sure that it runs effectively as we--

we expect it to run while maintaining upside, potentially through our hydro fleet. And then if we see the market evolve over the course of the year, we're able to dynamically adjust the financial hedges that we have in the position to be able to extract greater value. And just to give you a rough order of magnitude of impact, I think it is for every about $5 difference in price, let's say a $90 price as opposed to an $85, it's about a $20-million impact to the company in terms of EBITDA.

Ben: Okay, thank you.

John: Thank you. Sorry. Blain, anything to add there or?

Blain: No, that's it.

John: No? Yeah.

Chiara: Thanks, Ben. Any other questions?

John: Yeah, Mark's going. You're bringing up your computer, Mark, which makes me nervous, but that's good.

Mark: I just--I might forget my second question.

John: Okay.

Mark: I bring the crutch up with me. So, how--how do you land at the $315 million of EBITDA? Is that something from internal funding capacity? Is that just belief internally on the development pipeline? Like, how does that be the number that you end up with here as you look at 2028?

John: Yeah, we--it's actually all of the above, I would say. So, what we do is we begin by looking at the portfolio that we have. We look at the growth that we've done in--in the--the period to date, which has been considerable. We look at what the credit metrics are that we--we wanna keep the company within to make sure we maintain that strong dividend. We look at returns that we're expecting, you know, broadly in that 10% range as we go forward. And we think that during that period, given the cash flows that we're looking to develop, it--it's a responsible target that we're able to--to achieve. We're also very mindful that it's actually getting a bit harder, at least from our own perspective, to actually grow. I think the supply chain still seems to be at times constrained. We're even seeing challenges just getting labour to be able to move projects forward. Interconnection timelines are getting longer. And just the cost of actually building is--is getting higher. So, it was a triangulation that we did over the course of a number of months to--to kinda come up with something that we think is achievable for the company while maintaining the strength that we need from a balance sheet perspective.

Mark: So, it's not necessarily a lack of opportunity. It's just what you can actually realize on. And then to your point about some of the challenges to build and--and move projects forward, if you go back to 2021, you had the targets for 2025. We made some good progress, but then we hit some, I guess, headwinds broadly in the industry. So, what gives you the confidence now that those numbers have enough cushion, enough buffer for you to be able to hit them, as opposed to maybe having to readjust again, like we've done over the last couple of years?

John: Yeah, I would say, look, when we look at the growth that we've done since our last Investor Day, like, we're pretty proud of what we've accomplished, so 800 megawatts of organic growth. We do view the TransAlta-TransAlta Renewables transaction as growth. We increased our economic interest in 1.2 gigawatts of generation. The Heartland acquisition's just a bit over 1.8 gigs. That's pretty substantial. I mean, it's 3.8 gigs of growth that we've done over that time period. I can't remember the last time, as a company, that we did something like that in that--in that period of time. So, it's been pretty robust. We're focused more on the capital capacity of the company and what we think we can actually achieve in that--in that time period. And that's really where the numbers sort of triangulated to. I don't think that there's--you know, in putting the numbers together, Kerry, I don't think I would say that there was a cushion per se in the way that we were thinking of it, Mark. We look at our early-stage projects. We look at the kinda pipeline that we envisioned coming in from the newer relationship that we're developing in Australia, plus our existing one, and the way we see our projects coming to fruition, and we're pretty confident we're gonna be able to hit that target. We wouldn't have said it if we weren't confident in terms of meeting it.

Mark: Understood. And then, Todd, I won't let you get away with no questions here. So, that $300-million gap, I--I know there's some nuances around that, depending on how assets perform between now and the next couple of years. Is it a logical thing that that's gonna happen within the next two to three years, that funding gap, just given where we see a bit of a belly in the power prices before they ramp up again and before some of the cash flow comes off the new assets? Any sort of time horizon over which you think that--that little funding gap really materializes?

Todd: Yeah, I wouldn't--I don't know if it's on. I wouldn't--I wouldn't put any specific timeframe on it, you know, over the next one or two years. What I would say is that it works out to about $60 million a year, $50, $60 million a year. And you've seen in the past that there is certain flex in our--in our cash flow forecasts. There's other activities that could be done. I would pinpoint at any particular time. It'll really depend on the pace of our growth programme. And, you know, just jumping back to returns on John's comment, I mean, look, we--we--we target, you know, what we've said is around 10% returns. There is a natural pressure point with customers on sort of what--what is actually executable. And because we are working on largely contracted facilities, there's sort of a--a--a pressure point there that--that sets the returns. But we are obviously always chasing for higher returns. And I think the Heartland transaction was one that really highlights that.

Mark: Okay, thanks for your time.

John: Thanks a lot, Mark. Other questions?

Richard: Good morning, everyone.

John: Good morning.

Richard: I'm Richard from RBC. First question, maybe sticking with the capital allocation question, it's clear you want to build more clean energy 10 times, 10%, but your shares are trading at 6 1/2 times, 15% free cash flow. You left it at this opening reaction. But on your slides, it's clear that you believe that the share price is below your intrinsic value, but there's no allocation for share buybacks. I'm wondering if you could speak to your capital allocation in terms of timing, specifically parsing out your five years. Is there a situation where perhaps in the early years, you may do more buybacks, and then you catch up for the last five years versus thinking about it as being a constant--

John: Kind of level. Do you wanna take that, Todd?

Todd: Do you want me start?

John: Sure, yeah. And I can jump in, too.

Todd: Look, when we think about where we're trading today, clearly, we don't--we don't control our share price and where it's trading. We have had very strong EBITDA over the last two years, which helps to put some downward pressure or does put some downward pressure on that multiple. As we look forward, we see--we see the types of projects that we're investing in to be much more rateable cash flows, much more high-quality cash flows that will also drive a higher premium for the TransAlta share price going forward. John, did you wanna add to that?

John: Yeah. What I was gonna say is, I think you've actually captured it well in--in your question. You sort of almost answered it, at least the way I think of it. Look, we're--we're gonna stay disciplined on returns with the growth projects. I think it's pretty easy to actually hit a megawatt number. And that even goes back to--to Mark's question before. We're actually less focused on the 1.75. Where we're really focused is on getting the proper returns, the proper risk-adjusted returns, given the capacity that the company has. If we see, for whatever reason, I would say, that it's hard to actually maintain those returns in the marketplace where it's taking a little bit more time to be able to get them to a place that we can actually create value for our shareholders, then when you look at kind of the--I like to think of it as a waterfall in terms of what the capital allocation is. I think we will be looking to return more capital back to our shareholders. And clearly, share buybacks are a--a critical component of that. And when we see, you know, our--our share price trading in that, you know, $11 range, it--it--it feels low, and we would be looking to--to return capital. So, for sure, it's a lever that you--that you will see us pull.

Richard: Second question. Aron, you mentioned that TransAlta doesn't think of returns as a point, but speaks of it in terms of ranges. Can--but then you're targeting over 10% today. Can you discuss what a 10% project looks like? And on the other end of that spectrum, Todd, you mentioned significantly higher than 10%. What is that upper end? And what does that project look like?

Aron: You want me start? Sure. Thanks for the question.

John: And I'll--and I'll have the last word.

Aron: Yeah, yeah, yeah.

John: Okay.

Aron: The--so--so, look, like I said, we evaluate them in terms of ranges. And we evaluate projects across all of those metrics that I discussed. And I think it goes back to what John said. We're really trying to evaluate the value that a project is delivering. And--and, you know, even looking at a--at a project IRR, which Brent'll remind me all the time, there are so many assumptions that go into those types of return calculations. That's why we look across that whole suite of metrics, because we really try and ground ourselves in the value that project's creating. Is the return happening in the near term? Is the return happening in years? You know, '18 through '25, what does the cash yield actually look like up front? So, it's--it's evaluating right across that suite that we think is important. What does a 10% project look like? Well, it--for us, it looks like something that's well contracted. You know, I'd say, in today's market, we're seeing 15-years-plus contracts becoming available again. They're not easy to get. You know, over the last few years, it's been sort of 12 or less. You know, we use a--a conservative price curve for--for the out years, for the merchant period and with a--with a high-quality customer on the other side of the deal. Todd, do you wanna add to that?

Todd: Yeah. Look, even some of the projects that we've--we've executed this year, 100% contracted through life of the asset, flow-through of capital costs to the--the BPA buyer, flow-through of future maintenance costs on those projects, those are very low-risk projects that we can just tuck away and continue to execute. On the higher-risk side, we spoke about the Pinnacle project peaking facility up at our Keephills plant, currently under development, purely peaking, purely merchant revenues. That project would need to have significantly higher than a 10% return. The return of capital would be--have to be over a much shorter period. And, of course, the EBITDA multiple would have to be much superior to 10 times. So, it is--it is a range of--of different project risks.

John: Yeah, and I would--I mean, just to add to that, I would say, you know, it also depends on the jurisdiction, I would say. So, if it's a new jurisdiction, for example, us going to Oklahoma, for instance, first time constructing there, we'd wanna have a cushion as we go in. And we also would look at our contingency, for example, when going into something like that as opposed to building something maybe in our backyard, where we're much more comfortable in terms of the EPC or EPCM kind of arrangement that--that--that you would have. But I--I--I think you guys basically got it. You covered it. It really--it depends. It's sort of a sliding scale in terms of how derisked it is.

Richard: Thank you.

John: Other questions? Thanks, John. I was beginning to feel a little lonely up here and kinda tight.

John Mould: John Mould, TD. Speedily coming back to the--your capacity growth targets and just looking down the development--the development project list, there's a lot of 2025 FIDs in there. And, you know, I know you looked at 2024. So, I guess maybe asking Mark's question a little differently, what, I guess, lessons have you taken away from how the pipeline has advanced this past year and the macro challenges that you dealt with that--that you're able to apply going forward to the development process more broadly that I guess gives you confidence that you can maybe not hit FID on all those projects in 2025, but that there's enough, you know, upfront in the pipeline to, you know, get this growth target moving earlier on in--in the five-year time horizon?

John: Yeah, I'd say, look, when--when we look at the volume and sort of the quality of the projects that we have--and look, I'll begin, John. If you look at WaterCharger, if you look at Tempest, I mean, those are two projects that we've used being in the market, so to speak. When we look at the Mt. Keith expansion, when we're looking at, you know, all of the various kind of things that we can--Pinnacle, to bring together, we have a pretty high degree of confidence going forward. In terms of us being able to--to move forward them--on--on them or not, it really is more about us holding ourselves back to make sure that they're appropriately jurist and we're comfortable with, for example, the PPA, you know, that we're getting. So, if the PPAs that, you know, we're seeing in the marketplace are sticky, and they're not quite at the level that we are, we'll wait for six months before we actually, you know, push the project through. We'll be patient in terms of bringing it forward, or we'll wait to get two offtakers that are willing to pay what we think is appropriate for an appropriate risk-adjusted return, trying to make sure that the supply side is basically dealt with, trying to make sure that the contractors and the construction is in place. WaterCharger is a great example of one where we're trying to make sure we get a bit of regulatory clarity on, you know, where some of the evolution of elements of the ancillary services as they go forward. So, it's really--I think it's very project-specific. It's very much based on each individual project. I think the fact that we've got quite an inventory of projects that we can advance kind of in that '25, '26 timeframe gives us a lot of confidence to be able to move it forward. So, I don't know if that answers your question, but--but we're certainly feeling good about the pipeline and, you know, take a pretty conservative approach. We don't--you've seen recently in the news where--where companies contracted for PPAs at price X, supply chain gets away from them, and now they're trying to, you know, either walk away from projects or trying to renegotiate projects. We don't do that. We--we--we tie the, you know, the--the

PPA, the contracting part, along with the construction part, and the actual key equipment purchase contemporaneously kind of within 30 days of each other to make sure that it's as derisked as we possibly can.

John: Okay, thanks. And maybe I'd just like to ask about your pump storage projects. I mean, those are very rational projects from a deep longer-term decarbonization perspective, I think commercially, you know, a lot more challenging. Could you just maybe--Tent Mountain seems a little more near term. Can you just talk a little bit what needs to happen to hit that 2025 FID? And maybe is there in the Alberta--the broader reliability work that's being done in the province, do you see some kind of opportunity that could open up over the midterm to make projects like that, you know, more commercially attainable?

John: I think--I think you've actually got it, John. Exactly. I think we are pretty excited by Tent--Tent Mountain. We really like, I'd say, the geology of it, the ability to move water. It's almost a closed system from--from up high down low, and being able to, you know, in what is a pretty good capital spend for a project of that size, move it forward. It's still, though, a billion-dollar project for a company like ours. That's not something we would do lightly. We wouldn't do it in a merchant way, just to give you a--a--a sense of where that is. So, although we are advancing it and doing work with our partner to get it done, we would also expect to get, in order to proceed, some kind of certainty from a revenue perspective 'cause we do think, I think just as you alluded to, it's a great battery, essentially, for a jurisdiction that's gonna see more renewables come in and more intermittency. So, I do think the AESO's thinking more about reliability. I know the provincial government is thinking more about reliability. It is one of our big mantras in terms of that three-legged stool that you need to keep along with decarbonization and--and affordability. So, as we go forward, I think it's exactly the kinda thing that--you know, whether you wanna call it an out-of-market payment or some kind of a capacity or reliability payment to get a product into the marketplace that has those great attributes--I think is gonna be required. But we're feeling pretty optimistic we'll get there.

John: Thanks.

John: Sure.

Chiara: Any other questions?

John: Okay.

Chiara: Great. There are no questions online.

John: Okay.

Chiara: So, that--thank you, everyone. That concludes--

John: Thanks so much.

Chiara: --our presentation for today. If you have any further questions, please don't hesitate to reach out to our Investor Relations team. For those of you with us here in Toronto, if you'd like to meet and greet the Executive team in the lobby, we will have a small reception out in the front. And for those online, thank you for joining us. And we'll be in touch soon. Thank you.

John: Great. Thanks, everybody. Okay, thank you.