

Community and Indigenous Engagement Plan

Expedited Long-Term 1 Procurement (E-LT1)

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Revision History

Date	Notes
October 24, 2022	Original draft
November 21, 2022	Updated language on the corporate entities Updated Project Site Map Removed references to the out-of-date IESO E-LT1 submission deadline

Table of Contents

- 1. Introduction 4
- 2. Purpose of the Community and Indigenous Engagement Plan 5
- 3. Key Project Information 6
- 4. Company Backgrounds 8
 - Capstone Infrastructure Corporation 8
 - Compass Renewable Energy Consulting Inc. 9
- 5. Capacity Procurement Information 10
 - Request for Qualification (RFQ) Stage 10
 - Request for Proposal (RFP) Stage 10
 - Post-Contract Award Stage 11
- 6. Stakeholders List 12
 - a. Landowners and users 12
 - b. Indigenous Stakeholders 12
 - c. Municipal Stakeholders 12
 - d. Government and Regional Authorities 12
- 7. Community Engagement Process 13
 - Information Sharing 13
 - Consultation 13
- 8. Community Engagement Staged Approach 14
 - Stage 1: Pre-Contract through Contract Award 14
 - Stage 2: Development (up to 2 years) & Stage 3: Construction (1 year) 15
 - Stage 4: Operation (20 to 22 years) 16
 - Stage 5: Decommissioning (up to 1 year) 16
- 9. Indigenous Consultation and Engagement 17
- 10. FAQ 18

1. Introduction

Picton BESS Limited Partnership has developed this Community and Indigenous Engagement Plan for the Picton BESS (the “Project”), a proposed 300 megawatt (MW) stand-alone lithium-ion battery energy storage system project located in the County of Price Edward.

The Project is being developed by Compass Renewable Energy Consulting Inc. (“Compass”) and supported by Capstone Infrastructure Corporation (“Capstone”) who is approved by the Independent Electricity System Operator (“IESO”) through the Request for Qualification (“RFQ”) stage of the procurement and among the fifty-five (55) Qualified Applicants with the experience and capabilities to successfully develop, construct, and operate facilities acquired through this procurement¹.

Picton BESS Limited Partnership will submit the Project into the IESO’s Request for Proposals under the Expedited Long-Term 1 procurement (“E-LT1 RFP”).

This Community and Indigenous Engagement Plan’s objectives are to:

- Provide details about the Project
- Describe the IESO’s E-LT1 RFP process
- Describe the level of engagement that has been carried out thus far
- Provide engagement opportunities for Community stakeholders to provide feedback
- Describe our plans for future Community engagement
- Address and respond to Community feedback

It is of utmost importance that the local community and other stakeholders are contacted and communicated with regarding details of the proposed Project. If the Project is successful in the RFP and awarded a contract, it will be in operation for 20 plus years. To ensure the development and implementation of the Project is successful, it will strive to effectively incorporate the views and insights from Community members and other stakeholders during the planning, building, operating, and decommissioning phases.

¹ More information about the IESO’s Long Term Capacity Procurement and the list of Qualified Applicants is available here: <https://www.ieso.ca/en/Sector-Participants/Resource-Acquisition-and-Contracts/Long-Term-RFP-and-Expedited-Process>

2. Purpose of the Community and Indigenous Engagement Plan

The Community and Indigenous Engagement Plan identifies a strategy for establishing and sustaining a transparent and productive engagement with Community stakeholders and Indigenous Communities. The Community and Indigenous Engagement Plan is a “living” document and will be updated during the project life cycle to better suit the goals and objectives of the community engagement process.

The Community and Indigenous Engagement Plan will:

- Identify, expand on, and consult with the list of Community stakeholders and Indigenous Communities that are interested in the development of the Project;
- Publish reader-friendly and publicly accessible Project information to help Community stakeholders and Indigenous Communities understand the proposed Project and offer feedback;
- Create engagement opportunities for Community stakeholders and Indigenous Communities to be involved throughout the development process, including the planning and development of Project design;
- Design a communication plan to inform Community stakeholders and Indigenous Communities of on-going Community Engagement and Project development activities;
- Collect and engage with public feedback on the Project website and during Public Community Meetings;
- Determine and address any issues or concerns that the public or other stakeholders have with regards to the Project; and
- Promote active public engagement through effective and targeted outreach.

3. Key Project Information

Picton BESS Limited Partnership is a special purpose entity created by Compass for Picton BESS (the “Project”), supported by Capstone.

Picton BESS Limited Partnership is proposing to develop, construct, and operate the Project, with a maximum 300 megawatt stand-alone lithium-ion battery energy storage system (“BESS”), located on private land within the County of Price Edward at Prince Edward County Rd 5, County of Prince Edward, ON, K0K 2T0. This infrastructure project will bring significant investment and local benefits including employment, lease payments, and capital spending in the local economy.

Capstone is among the fifty-five (55) Qualified Applicants approved by the IESO through the RFQ stage of the procurement, with the experience and capabilities to successfully develop, construct, and operate facilities acquired through this procurement.

Picton BESS Limited Partnership will apply to the IESO’s Request for Proposals under the Expedited Long-Term 1 procurement (“E-LT1 RFP”) to obtain a capacity contract for this site.

The competitive procurement process will assess and evaluate the Project against other energy storage and non-energy storage capacity proposals. Proposals offering the most competitive capacity prices, with evidence of Community and Indigenous support, may be awarded a 20 plus year agreement with the IESO.

E-LT1 RFP rules and requirements ensure a fair and equitable procurement process, awarding contracts to only the best projects.

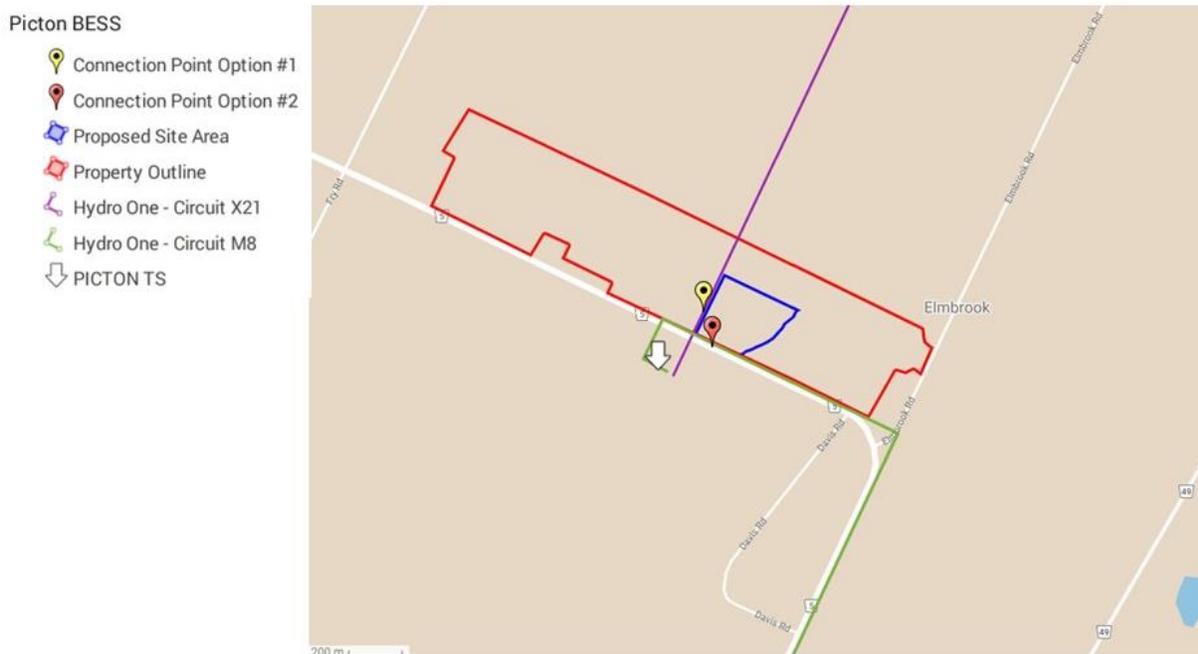


Figure 1: Picton BESS scaled-site map

Since the Project is in the early development stage, the location of equipment, such as BESS containers and/or transformers, and access roads have not yet been finalized. However, the above site map provides a proposed Project boundary, outside of which development is not likely to occur.

The final site map will take into account outputs from environmental and other field studies and feedback from the local Community and other stakeholders, as applicable. Environmental and technical studies aid in the understanding of any impacts on the local community, natural and cultural heritage, archaeology, and other important local factors.

Any development activity will have some sort of impact on its local environment, however we want to ensure that our proposed Project minimizes the potential for negative impacts through extensive due diligence prior to construction.

4. Company Backgrounds

Picton BESS Limited Partnership is a special purpose entity created by Compass for Picton BESS (the “Project”), supported by Capstone.

Capstone is among the fifty-five (55) Qualified Applicants approved by the IESO through the RFQ stage of the procurement, with the experience and capabilities to successfully develop, construct, and operate facilities acquired through this procurement.

Capstone Infrastructure Corporation

Founded in 2004 and based in Toronto, Capstone Infrastructure Corporation (“Capstone”) is a publicly traded, independent, pure-play power producer focused on providing clean, renewable energy to homes and businesses across North America.

Capstone is generating our low-carbon future, driving the energy transition forward through creative thinking, strong partnerships, and a commitment to quality and integrity in how we do business. A developer, owner, and operator of clean and renewable energy projects across North America, Capstone’s portfolio includes approximately 776 MW gross installed capacity across 30 facilities, including wind, solar, hydro, biomass, and natural gas cogeneration power plants. Please visit www.capstoneinfrastructure.com for more information.

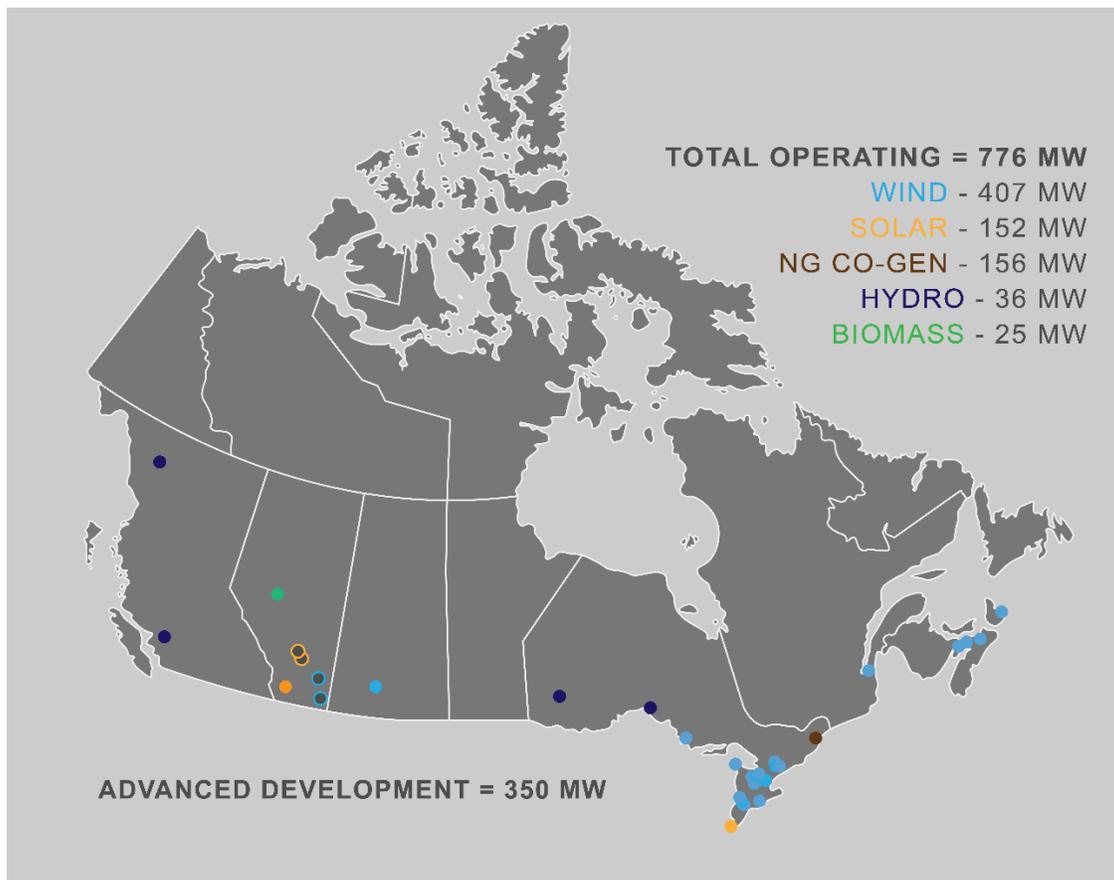


Figure 2: Capstone’s Project Portfolio

Compass Renewable Energy Consulting Inc.

Compass Renewable Energy Consulting Inc. (“Compass”) has been consulting and developing renewable and clean energy projects in Ontario for over 10 years. We have experience across the development lifecycle from pre-screening, contracting, construction, commissioning, and operations. We have developed over 100 renewable energy projects in Ontario representing over 100 megawatts (MW) in the last 6 years and supported the development of over 2,000 MWs for our clients.

5. Capacity Procurement Information

After more than a decade of strong supply, Ontario is entering a period of emerging electricity system needs, driven by increasing demand, the retirement of the Pickering nuclear plant, the refurbishment of other nuclear generating units, as well as expiring contracts for existing facilities.

To address these needs, the IESO is competitively securing 4,000 MW of capacity through the first Long-Term Request for Proposals (“LT1 RFP”), complimentary Expedited procurement process (“E-LT1 RFP”), and the Same Technology Upgrade Solicitation. The LT1 RFP, together with the Expedited Process, is expected to competitively procure year-round effective capacity from dispatchable new build resources, including new build hybrid electricity generation and storage facilities, registered or able to become registered in the IESO administered markets, larger than 1 MW and which can deliver a continuous amount of electricity to a connection point on a distribution system or transmission system for at least four consecutive hours.

The E-LT1 and LT1 process requires renewable energy project developers to move through two pre-contract stages before a capacity contract is awarded: a Request for Qualification (RFQ) stage, and a Request for Proposals (RFP) stage. Details on these stages are outlined below.

Request for Qualification (RFQ) Stage

In advance of the Expedited Process and the LT1 RFP, the IESO issued the Long-Term Request for Qualifications (“LT1 RFQ”) to establish a list of applicants with the experience and capability to successfully develop, construct and operate facilities acquired through these procurements.

Capstone Infrastructure Corporation was approved by the IESO among the fifty-five (55) Qualified Applicants with the experience and capabilities to successfully develop, construct, and operate facilities acquired through these procurements.²

Request for Proposal (RFP) Stage

The E-LT1 RFP requirements were developed by the IESO following a thorough stakeholder engagement process. The main goal of the E-LT1 RFP is to create a competitive process aimed at achieving the lowest cost power for Ontarians. In addition to focusing on price, the IESO favours projects located in Southwestern Ontario which demonstrate support from the host Municipality, Community stakeholders, and Indigenous Communities.

As part of E-LT1 RFP’s “Mandatory criteria”, projects are required to:

- Receive a favourable result from IESO’s Deliverability Test (results expected November 30, 2022)
- Conduct at least one Public Community Meeting informing adjacent Property Owners, host Municipality, and Indigenous Communities of the Project details and the proposed Community and Indigenous Engagement Plan

² The LT1 RFQ is now complete, and the list of qualified applicants is available here: <https://www.ieso.ca/en/Sector-Participants/Resource-Acquisition-and-Contracts/Long-Term-RFP-and-Expedited-Process>

Several “Rated criteria” points are awarded to projects which:

- Secure a Municipal Council Support Resolution
- Sign a partnership agreement with an Indigenous Community

The IESO will then review and assess proposals submitted. Successful applicants are expected to be announced in early 2023.

Post-Contract Award Stage

If the Project is awarded a capacity contract by the IESO, we would begin to advance the permitting processes from the various authorities having jurisdiction (AHJs) identified in the Stakeholders List. Additionally, the Project would apply for grid connection from the relevant transmission and distribution companies. Upon successful permitting, the Project is anticipated to begin construction in 2024/2025.

6. Stakeholders List

Identifying the list of stakeholders that are interested in the development of the Project is key to a successful Community and Indigenous Engagement Plan. We intend to keep this stakeholder list updated across all stages of Project development, construction, operation, and decommissioning.

Since the Community and Indigenous Engagement Plan is a public document, the privacy of the individuals must be respected, as such the stakeholders list will not contain any sensitive information regarding private individuals or individual landowners.

a. Landowners and users

- Assessed owners of Properties located adjacent to the boundary of the Project Site

b. Indigenous Stakeholders

- Indigenous Communities who may have an interest in the Project

c. Municipal Stakeholders

- Chief Administrative Officer or equivalent for the Municipality in which the proposed Project is located
- Mayor and council members

d. Government and Regional Authorities

- Ontario Ministry of Energy
- Independent Electricity System Operator
- Ontario Ministry of Environment, Conservation and Parks
- Ontario Ministry of Tourism, Culture and Sport
- Local Conservation Authorities
- Electrical Safety Authority
- Local Utility
- Local Fire and Rescue Department

7. Community Engagement Process

We will engage the community stakeholders and Indigenous Communities in two distinct ways, described in greater detail below.

Information Sharing

The Community and Indigenous Engagement Plan seeks to inform the stakeholders about the Project and its progress through the following informational tools:

- **Project Website**, hosting details about the Project and status of development activities;
- **Notice of Public Community Meeting**, posted to the Project Website, mailed to the mandatory stakeholders (as defined by the IESO);
- **Public Community Meetings**, a virtual early-development stage meeting planned in November 2022 and a proposed in-person meeting upon successful contract award through the IESO's procurement process;
- **Public Community Meeting Minutes**, posted to the Project Website; and
- **Annual Project Newsletters**, posted to the Project Website and mailed to the mandatory stakeholders (as defined by the IESO).

Consultation

In addition to informing the community, our engagement process seeks to create opportunities to consult with identified community stakeholders and Indigenous Communities to gather feedback on the Project through the following feedback tools:

- Electronic correspondence through the Project email address;
- One-on-one meetings, as requested;
- Public Community Meetings;
- Public meetings with Municipal Councils; and
- Feedback and FAQ via the Project website.

8. Community Engagement Staged Approach

Project timelines can be divided into five (5) distinct stages that have differing goals and objectives. The Project's community engagement activities would be tailored for each of the following project stages. As of the date of this Community and Indigenous Engagement Plan, the Project is in Stage 1.

- ❖ **Stage 1:** Pre-Contract through Contract Award
- ❖ **Stage 2:** Development
- ❖ **Stage 3:** Construction
- ❖ **Stage 4:** Operation
- ❖ **Stage 5:** Decommissioning

Stage 1: Pre-Contract through Contract Award

During Stage 1, the community engagement process will:

- Inform community stakeholders, municipal government, and Indigenous Communities about the Project;
- Collect and engage with public feedback through the Project website and during the virtual Public Community Meeting; and
- Promote active project engagement through Promote active public engagement through effective and targeted outreach.

The Pre-Contract Stage is currently ongoing and concludes when the Project is awarded an E-LT1 contract (expected in early to mid 2023). The following engagement tasks, at a minimum, will be part of the Community and Indigenous Engagement Plan for the Pre-Contract Stage and will be completed before the submission date.

- Inform Municipalities of the proposed Project by engaging with staff and participating in a delegation at one or more Municipal Council meetings;
- Create and manage a Project website, keeping content current with all relevant Project and Public Community Meeting information;
- Create and manage a unique Project Email address to collect feedback;
- Create and manage a Project-specific distribution list;
- Share a copy of the Community and Indigenous Engagement Plan on the Project website at least fifteen (15) days before the Public Community Meeting;
- Share a copy of the Notice of Public Community Meeting on the Project website at least fifteen (15) days before the Public Community Meeting;
- Send, via direct mail, the Notice of the Public Community Meeting to assessed owners of Properties located adjacent to the boundaries of the Project Site and to the Local Municipality;
- Host one (1) virtual Public Community Meeting. The meeting will include:
 - Introductions and contact details for the Developers;
 - Project Name, capacity, and technology of the proposed Project;
 - A scale map showing the boundaries of the of the Project site, location of the Connection Point and the Connection Line within relevant Municipalities;

- Information pertaining to battery energy storage systems, the Community and Indigenous Engagement Plan, and updates on the status and progress of development activities, such as the environmental assessment will be made available; and
- Additionally, the Public Community Meeting will include a question-and-answer portion where members of the public will have an opportunity to provide feedback.
- Post a summary and meeting minutes of the Public Community Meeting to the Project website;
- Upon request, host meetings with Indigenous Communities; and
- Where appropriate, respond to questions and concerns raised during our engagement process.

Given the changing public health situation due to COVID-19, our inaugural meeting will be virtual. However, we are committed to hosting an in-person Public Community Meeting after Stage 1. The time, date, and details on how to participate of the Public Community Meeting will be posted on the Project Website and provided on the Notice of Public Community Meeting.

If members of the community are not able to attend the meeting, we encourage all interested persons to visit our Project Website where the Public Community Meeting documents will be posted, or to contact us directly through the Project email address provided on the website.

Stage 2: Development (up to 2 years) & Stage 3: Construction (1 year)

If the Project is awarded a capacity contract by the IESO, we are committed to continuing its engagement with all interested stakeholders throughout the lifecycle of the Project.

During the Development and Construction phases, engagement will focus on continuing to inform Community stakeholders and Indigenous Communities of the Project progress, monitoring, and managing Community and Indigenous feedback through annual project newsletters, as well as ensuring the Project meets all permitting obligations as set out by the various authorities having jurisdiction (AHJs).

Stage 2 will begin upon execution of a capacity contract, expected in mid 2023, and will last until the start of construction (expected in 2024/2025). Once construction is underway, Stage 3 of the engagement plan will take effect.

During Stages 2 and 3, we will perform the following engagement tasks:

- In-person Public Community Meeting will be held prior to the start of construction to communicate how the development team has incorporated stakeholder feedback in Project design;
- Inform interested stakeholders on the results of technical studies;
- Meet with Municipal Officials, as requested, to keep them updated on the Project progress;
- Meet with Indigenous Communities, as requested, to keep them updated of Project progress;
- Develop an Emergency Response and Public Safety Plan with local public safety authorities;
- Provide Emergency Response training to all members of the local Fire Department;
- Develop and engage the community on the Decommissioning Plan;

- Update the Project website regularly with relevant Project information and updates;
- Record and engage with stakeholder feedback through the Project Website; and
- Issue an annual newsletter with Project information and updates for interested stakeholders.

Stage 4: Operation (20 to 22 years)

The Project Operation Stage is anticipated to last 20 plus years from the time the Project achieves Commercial Operation (i.e. is fully operational), until the decommissioning. The goals and objectives for this stage will be focused on ensuring the Project operates efficiently and safely.

During Stage 4, we will perform the following engagement tasks:

- Manage the safe operation of the Project;
- Effectively develop, communicate, and run a public safety protocol; and
- Issue an annual newsletter with Project information and updates for interested stakeholders.

Stage 5: Decommissioning (up to 1 year)

At this stage of the Project's lifecycle, we will implement the Decommissioning Plan compliant with all prescribed Municipal and Provincial regulations and requirements. Property landowners, neighbors, and the host Municipality will again be consulted to ensure the community is aware of the proposed Decommissioning Plan.

9. Indigenous Consultation and Engagement

The Project is not located on Indigenous Lands, however we acknowledge that it is our responsibility to interact with the local Indigenous Communities as part of the Community and Indigenous Engagement Plan. We will put together a list of Indigenous Communities that have lands, areas, or regions³ within 25 kilometers of the property we seek to develop.

We encourage these and any other Indigenous Communities, who wish to make their interests known, to please contact us directly through the Project Email provided on our Project Website.

A Notice of Public Community Meeting will be delivered to identified Indigenous Communities in advance of the virtual Public Community Meeting held during Phase 1 – Pre-Contract Phase. Information about accessing the meetings, as well as where the Indigenous Community can view project documents prior to the meeting will be on the Project Website.

³ As illustrated by the Aboriginal and Treaty Rights Information System (ATRIS), available online: https://sidait-atris.aadnc-aandc.gc.ca/ATRIS_ONLINE/home-accueil.aspx

10. FAQ

The Community and Indigenous Engagement Plan is committed reviewing and responding to feedback and comments received through the Public Community Meetings and/or Project email address.

We will collect and record all public feedback internally and may group some similar questions together and/or may post our responses to a topic rather than to a specific question submitted.

Active engagement with the community stakeholders and Indigenous Communities is extremely important to us as it will enhance our understanding of potential environmental, social, economic, or heritage impacts and inform Project development, design, construction, operation, and decommissioning.