Capstone Infrastructure Corporation - Compass Energy Consulting

Public Community Meeting for Picton BESS – Meeting Minutes

December 6, 2022 / 6:00 PM-8:45 PM / Microsoft Teams Virtual Webinar

PRESENTERS

Compass Renewable Energy Consulting

Rishabh Mundhra
James Marzotto
Elijah Garrett
Jonathan Cheszes
Rachelle Lynne-Davies

Capstone Infrastructure Corporation

Robin Clarke
Megan Hunter
Lauren McLeod

Dillon Consulting

Joe Guzzi
David Restivo

Antler Group

Logan Barrett

ATTENDEES

Albert Paschkowiak, Alex Wright, Alice Mennacher, Alison Currie, Alycia Gruchalla, Angus Ross, Bill Peel, Bill Roberts, Bob Rogers, Braden Foster, Brenda Leonard, Brenda Leonard, Brent Robertson, Bruce Barrett, Carlyn Moulton, Carol Stevens, Cathie Morris, Chris Anderson, Chris Castagna, Chris Plewes, Christina Gomes, Cindy Chow-Kavanagh, Corey Engelsdorfer, Daniel Sprague, David Daigneault, Debbie Deano, Debby Cermak, Debra Marshall, Dee Hazell, Devon Jones, Dorothy Bothwell, Doug McGregor, Doug McGregor, Dwayne Lowery, Emmanuel Dowuona, Eric Jacques, Gary Mooney, Gilles Miramontes, Gordon A Gibbins, Greg Bridgwater, Heather Sullivan, Helen Fearman, Jeff Rogerson, Jen Kerr, Jennifer Plewes, Jim Young, Jodi Shuster, Joey Lagano, Johanna Partridge, Johanna Partridge, John Blake, John Hirsch, John Thompson, John Blake, Justin Briginshaw, Jyhling Lee, Jyhling Lee, Karen Oswald, Kasey Rogerson, Kat Burns, Kelly Sarley, Kristen Rogers, Linda Middleton, Liz Driver, Liz Howes, Meg Kerr, Michael Lattner, Michael Mason, Nick Sparkes, Nicole Storms, Nicole Storms, Orville Walsh, Paul Bast, Paula Peel, Peter Morch, Peter Oswald, Phil St Jean, Phyo Kyi, Rick Szabo, Robert Greatrix, Robert Rutter, Ross Gower, Ryan Fowler, Sam Branderhorst, Sarah Williams, Sean McCue, Sharon Duggan, Sharon Harrison, Sharon Holland, Simon Fish, Stacey Dort, Steve Ferguson, Sybille Scherer, Sylvia Craig, Tanya Logan, Taylor McIndless, Tracy Robertson, Tyler Blower, Walter Ferraz, Warren Grimm

AGENDA

- About Us
- Ontario’s Power Needs
- What is Battery Energy Storage
- Why Picton?
- Picton BESS Project Development
- Community and Indigenous Engagement Plan
- Questions and Comments

The Public Community Meeting provided attendees with an introduction to the Project and our Companies in the first sixty (60) minutes, and an opportunity to ask questions and provide feedback on the proposed project for the next forty-five (45) minutes. The presenting team was available for another sixty (60) minutes afterwards to address any open questions and feedback.

Presentation:

Welcome (Slides 1-4) - Rishabh Mundhra

Compass welcomes everyone to the public engagement meeting for the Picton BESS Project. Rishabh introduces the team and highlights that this meeting will be a series of public meetings and that timelines are subject to change depending on IESO Timelines. After reviewing the format of the meeting, Rishabh briefly reviews the agenda and purpose of the meeting.

Introductions (Slides 5-6) – Rishabh Mundhra

Rishabh introduces Picton BESS Limited Partnership, a special purpose entity created by Compass Renewable Energy Consulting and supported by Capstone Infrastructure Corporation. An introduction to Capstone, highlighting their portfolio of projects, and their website details is provided. Compass Energy Consulting is then introduced, referencing previous successful participation in other large-scale IESO Procurements. It is acknowledged that Picton BESS Limited Partnership would be the Proponent for submitting the Picton BESS proposal for IESO's Expedited Long-Term 1 procurement (E-LT1).

Ontario's Power Needs (Slide 7-8) - Rishabh Mundhra

Rishabh discusses the growth forecast of Ontario's energy demand and the Independent Electricity System Operator's (IESO) procurement plan to add 4,000 megawatts (MW) of new capacity through their Expedited Long-Term 1 (E-LT1) and Long-Term 1 (LT1) procurements. The reasons for increasing provincial energy demand are discussed. This included growth in the residential and commercial sectors, the effects of electrification of transportation, the recent growth of the agriculture sector and the retirement of key generation plants.

Rishabh goes over Hon. MPP Todd Smith's directive to the IESO to procure a minimum of 1,500MW of standalone energy storage projects out of the total 4,000MW procurement for new capacity under the E-LT1 and LT1 RFPs.

What is Battery Energy Storage (Slides 9-10) - Rishabh Mundhra

Rishabh provides an overview of battery energy storage systems (BESS). The essential component that forms these energy storage systems will be lithium-ion battery cells, similar to what is found in an average smartphone or laptop. The batteries provide support to the grid by charging during low demand hours and discharging during high demand periods, alleviating grid congestion, improving the stability and quality of grid power, and reducing the price burden on consumers in the long run. Rishabh mentions that BESS projects have been procured by the IESO since 2014 and the IESO is currently negotiating a contract with a project in Haldimand County for a capacity of 250MW.

It was mentioned that the BESS Project will range from 1-13 acres and will be housed in multiple 40ft containers, well equipped with standalone HVAC (to ensure optimal operating conditions for

the battery cells) be certified to several internationally accredited safety standards. The projects will be fully fenced, remotely monitored 24/7 and have scheduled site visits to ensure adequate maintenance across the life of the system.

Why Picton? (Slides 11-15) – James Marzotto

James discusses how the IESO highlighted specific regions in the province that would benefit from additional supply capacity. The Picton Transformer Station as well as the two 230kV transmission lines that connect to the station, X21 and X22, were identified as preferred for new development. James then discussed the scaled project site map, zoning, and specifics for the project location, including its proximity to a preferred station and the options for interconnection. It was mentioned that the project completed the IESO's deliverability test assessment on November 30, 2022, and was determined to be deliverable for 250MW at the project site. James also discussed two different project layouts maps that were being considered for the Picton BESS.

Benefits of Picton BESS (Slides 16-17) - Rishabh Mundhra

Rishabh discusses the local benefits of the BESS project. This includes grid stability & flexibility, employment opportunities, financial benefits, economic growth and diversification, electrical grid support and resilience. Additionally, the project supports Prince Edward County's Official Plan and other climate change policies, aiding further integration of renewable energy into the grid, helping avoid natural gas peaker plants, and offsetting carbon emissions over the life of the project.

Regulatory Compliance and Safety Features (Slide 18-20) - Rishabh Mundhra

Rishabh informed the audience that the team is engaging the relevant authorities having jurisdiction (AHJs) for the project. This included the Prince Edward County, Prince Edward County Fire and Rescue, the Ministry of Environment & Conservation, the applicable utility companies, the Ministry of Energy, the IESO, and the Electrical Safety Authority (ESA). It was mentioned that the Project will comply with the requirements of all AHJs.

Rishabh then went over the various codes and standards that the Project design and construction will adhere to, including the National Building Code, National Fire Code, National Energy Code of Canada, Equipment-specific codes from the Underwriters Laboratories of Canada. Rishabh also touched upon relevant safety and fire preparedness standards such as the UL9540 Standard for Energy Storage Systems and Equipment, the UL9540A Test Method for Evaluating Thermal Runaway Fire Propagation in Battery Energy Storage Systems, and the NFPA 855 Standard for the Installation of Stationary Energy Storage Systems.

Additionally, Rishabh went over the details of the automated fire suppression systems present in BESS systems and the appropriate fire response to any anomalous events. Fire suppression systems included temperature, gas, and smoke detectors, HVAC procedures, and a sprinkler system to prevent fire propagation throughout the system. For fire preparedness, there would be

a local and station-level Emergency Event Response Plan that would be implemented for the Picton BESS project.

Development Timeline (Slide 21) - Rishabh Mundhra

Rishabh mentioned that conventional battery projects take between 3-5 years from development to commercial operation. The Picton BESS is expected to come online around 2025/2026. Rishabh then walks through the development process timeline and identifies the current status of the project, highlighting that annual newsletters will be published to provide status updates on the project. It is mentioned that the project is expected to be decommissioned in 2047.

Community and Indigenous Engagement Plan (Slide 22) - Rishabh Mundhra

Rishabh introduces the Community and Indigenous Engagement Plan developed by Compass and Capstone, which can be found on the project website www.pictonenergystorage.com. The Plan outlines Capstone and Compass' public engagement philosophy and provides details on the companies and the project, as well as the future plan for public engagement. Rishabh then reviewed the available public engagement tools for the community members. It was emphasized that all updates and future notices would be made available on the project website. Rishabh invited the attendees to provide any feedback they may have through the project email: info@pictonenergystorage.com

Closing remarks - (Slide 18) - Rishabh Mundhra

Rishabh thanked the audience, invited them to provide any feedback they have, provided contact information, then opened the floor up for any questions.

Question and Answer session:

There were several questions raised and feedback provided during the session. For the ease of reading, multiple questions have been compiled into broad themes relating to the project.

Are Capstone and Compass affiliated with any other projects in the area?

> *The presenting team informed the audience Capstone and Compass are not affiliated with any other projects in the region.*

What are Capstones capabilities for building such a system? Will they fund all the costs associated with property tax increases and decommission of the system?

> *The presenting team informed the audience that Capstone had been acknowledged by the IESO as a Qualified Applicant having the capability and experience to construct and operate such a Project. If Capstone comes on board as an equity partner and the project is approved, Capstone and Compass will be responsible for all project expenses relating to the additional property taxes and the cost of decommissioning the system, among others.*

What are the final battery specifications?

> *The presenting team informed the audience that the project is currently in the early development stages, and any details relating to equipment selection, battery chemistry, equipment operation have not been finalized at this time. As of now the project capacity is determined to be 250 megawatts and 1,000 megawatt-hours.*

What is the useful life of the project? Can the system be upgraded or recycled after is useful life? What is the plan for decommissioning?

> *The presenting team informed the audience that the project's useful life is expected to be between 20-25 years. There will be methods to recycle or upcycle most of the components, with some manufacturers guaranteeing 90% recyclability. In terms of extending the life of the project, the prevailing market conditions would determine whether the further operations of such a project will be feasible. Decommissioning would include removal of all project equipment from site and remediation of the land back to its original site conditions.*

Why has this site been selected? The chosen land is zoned as Agricultural and currently cultivated, and currently does not allow for BESS operations.

> *The presenting team informed the audience that the project site was chosen primarily due to its proximity to existing electrical infrastructure that was identified as preferred for new development by the IESO. Additionally, the project is located next to a quarry, cement plant and in close proximity to a 100+ acre solar farm. The project development would*

ensure there is adequate visual and noise screening so that the project does not disrupt neighbours.

It was noted that while BESS is a new use case that is being considered by many municipalities in conjunction with their respective zoning by-laws, the Agricultural zoning for Prince Edward County allowed for critical utility infrastructure to be located on this type of zoning.

The presenting team acknowledged that while it would be removing as much as 13 acres from agricultural purposes, the land would be remediated at the end of operating life of the project. Further, the presenting team made of note of this feedback and mentioned that they would consider ways to minimize impact to the land.

Would there be any noise impact generated from this Project?

The presenting team informed the audience that the noise impact associated with such a system stems mainly from the operation of the dedicated HVAC systems for each container. As a part of the environmental permitting process, a noise impact assessment for the Project could be conducted. As a part of this report, the ambient noise survey will identify the 'noise envelop' for the Project location based on zoning, proximity to highways and other factors that may affect sound levels in the area. Once a survey is conducted, any potential risks of the BESS exceeding the 'noise budget' and violating any provincial norms would be mitigated based on suggested noise mitigation efforts that may be required to successfully secure an environmental permit.

Prince Edward County is subject to fire bans during the summer and is subject to very high winds. How are the risks of a fire from this Project being mitigated?

The presenting team informed the audience that the BESS enclosures will have built in fire suppression system (FSS) solutions. The FSS system is composed of smoke detectors, gas detectors and aerosols, whose main function is to prevent fire spread in time when any open flame signal or gas signal appears in the battery system and sent out fire signal to EMS system. BESS will be certified to UL9540 and UL9540A standards to prevent fire spread and suppression at the cell- and the system-level along with the NFPA855 that provides a firm standard for the correct installation of such projects. The management of any risks will start at the cell level, with selection of battery chemistry, and compliance with local authorities having jurisdiction (AHJs) and global certifications.
Finally, Compass mentioned that they have engaged the local Fire department and Antler Group for a screening of our site and to provide additional training to equip firefighters with knowledge of the BESS fire protection standards. All the expenses related to additional fire training will be borne by Picton BESS Limited Partnership.

What type of fire retardant will be used?

The presenting team informed the audience that the systems would implement a water or chemical based fire agent that would contain fire propagation at the project site. This will be finalized with detailed design and equipment selection for the project.

Will vibrations from the daily quarry blasting impact the safety of the batteries?

The presenting team informed the audience that the equipment is built to withstand movement and vibrations from when it leaves the factory to be shipped across long distance. Further, the selected BESS equipment would be designed and tested to comply with various structural standards and local seismic conditions, such as the daily blasting from the quarry.

There was a fire in Australia that happened during the construction phase of the BESS project. What fire suppression will be installed in the early stages of construction to mitigate such a risk?

The presenting team informed the audience that it was aware about the fire incident that happened at the Victorian Big Battery project in Australia and will be implementing the lessons learned from that incident when developing Picton BESS. Some of the measures include strict compliance with NFPA855 Standard for the Installation of Stationary Energy Storage Systems, UL9540A Test Method for Evaluating Thermal Runaway Fire Propagation in Battery Energy Storage Systems and UL9540 Standard for Energy Storage Systems and Equipment. The selected equipment would have automated fire suppression systems to track and prevent anomalous emergency events and quell any fire propagation at the cell and the system level. In addition, the design and layout for the system would be made to ensure minimal fire propagation from one container to another.

How would the project impact valuation of surrounding properties?

The presenting team informed the audience that there is no data to show that BESS installations have impacted property values in their neighborhoods. Similar data for solar sites showed that there was no negative correlation to installation of a solar site and the neighbouring property valuations. The presenting team assured the audience that relevant authorities would be consulted, and the project would provide for a safe setback distance so that valuation of surrounding properties is not impacted negatively.

Does the project have an agreement with Hydro One?

The presenting team informed the audience that once successfully contracted, the project will proceed through the interconnection process and sign a Connection Agreement with Hydro One. The timeline for such an agreement would be between 2024-2025.

Laptop batteries don’t last for 20 years, how will these systems have a life of 20 years?

The presenting team informed the audience that typically the BESS system would be repowered with replacement parts during its project life, meaning additional maintenance and servicing would be provided to make sure that the project capacity would be maintained as per the IESO Contract.

How many employees will be attending to the site on a regular basis?

The presenting team informed the audience that construction of the Project would happen in phases, and be carried out by small teams of 5-10 attending to site work in a ordered manner to avoid any traffic management issues at the site. The phases would generally focus on the civil works, mechanical installation, electrical connection, landscaping. It was highlighted that after construction and commissioning of the project, there would be minimal employee traffic to the site as the BESS will be remotely monitored and scheduled site visits would happen quarterly to ensure stable operations and effective preventive maintenance.

How much land do you have for this project? Is it under lease?

The presenting team informed the audience that currently the project has 15 acres of the site secured under lease.