Capital Power Corporation

Quality Wind Project

Connection

215 – 10451 Shellbridge Way, Richmond, BC V6X 2W8 Canada | Spring 2010

Dear Friends and Neighbours:

Welcome to the first Quality Wind Project (QWP) community newsletter. The intent of this newsletter is to help keep you informed on where we're at throughout the various stages of the project.

The 142 megawatt (MW) QWP is proposed for an area that begins about 10 kilometres northeast of Tumbler Ridge, with the project site accessible from Highway 52.

Our initial discussions about the project with local community members started in late 2007, followed by open houses in 2008 and 2009. Input from the community is helping us develop a project that is both environmentally sound and respects the values and interests of the local community.

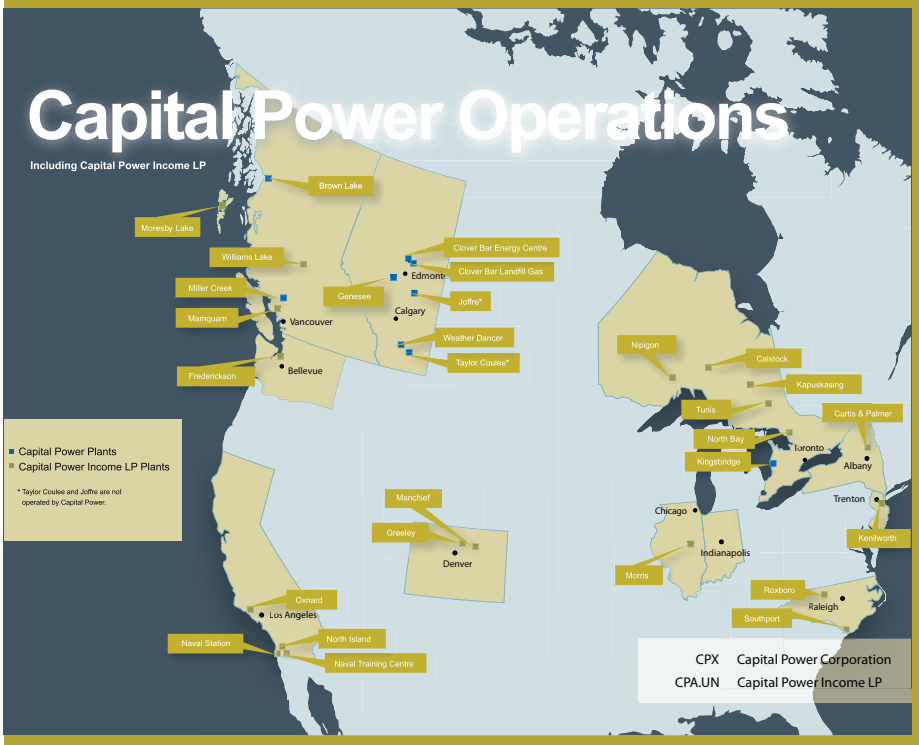
In March, BC Hydro awarded Capital Power with an Electricity Purchase Agreement (EPA) for the QWP. While the EPA is a major step forward, there are still several milestones that we must reach before we move ahead with developing the project.

Construction of the QWP is subject to regulatory approvals, including an anticipated completion of the provincial Environmental Assessment process by mid-2010.

Employment and contracts will be provided preferentially to Peace Region residents, First Nations and businesses as much as possible, for the duration of the project construction.

We appreciate the feedback that we receive from the communities that we work in, and look forward to hearing from you as we move forward with this project.

KEITH BOUTCHER, Director, Business Development
Capital Power Corporation



About Capital Power

Capital Power is one of British Columbia's most experienced independent power producers, operating over 160 megawatts (MW) from four small-hydro facilities and one of North America's largest biomass facilities in Williams Lake. This wood-waste generation facility provided a solution to a long-standing air quality problem caused by beehive burners in the City of Williams Lake.

Capital Power has interests in 31 facilities in Canada and the U.S. totaling approximately 3,500 MW of generation capacity. Capital Power and its subsidiaries develop, acquire and optimize power generation from a wide range of energy sources.

Capital Power is traded on the Toronto Stock Exchange (TSX: CPX). More information is available at **www.capitalpower.com**.

Renderings of QWP development from Highway 52, 10 km north-east of Tumbler Ridge.

Project Features

We believe this project has a strong set of features that will offer British Columbians a sustainable, reliable source of renewable energy for the long term, such as:

- A strong and proven wind regime – confirmed by North American experts;
- With almost half of the project site previously impacted by existing roads, logging, gas exploration and a forest fire, environmental impacts are anticipated to be limited;
- An experienced, stable company with an established BC presence who has demonstrated its commitment to working closely with stakeholders and First Nations; and
- A well-advanced Environmental Assessment (EA) with no identified barriers to date.

The wind project will generate clean, renewable energy for BC, and has the potential to generate enough electricity to meet the average annual power needs of 43,000 BC homes (based on the average household energy use of 1000 kWh/month*).

**With BC Hydro's PowerSmart program, this could potentially increase to 48,000 homes (based on an average use of 750 kWh/month).*

A Site Well-suited for Development

The Quality Wind Project design currently calls for 79 turbines on a site about 10 kilometres northeast of Tumbler Ridge, near Highway 52. The site, which provides relatively good access for construction, has seen other development including oil/gas activity and forestry operations.

Based on the input Capital Power has received from local stakeholders and the field studies conducted, the project site appears to be well suited for development. The following area characteristics would allow us to build and operate the project with few environmental and stakeholder impacts:

- Close to a major highway;
- Over 40kms of existing roads throughout the site;
- Previous impacts will reduce the need for forest clearing;
- Preliminary geotechnical work has been completed for wind turbine foundations, substation transformer pads, crane pads, and road base and sub-base structures; and
- We will work closely with community stakeholders, First Nations and aboriginal groups throughout the construction and operating life of the project.

Quality Wind Project area, including burn, well site, pipeline and Highway 52 at the top of the hill.

What is an Electricity Purchase Agreement (EPA)?

To sell the energy they generate, independent power project developers – such as Capital Power – need to obtain a power sales contract, commonly called an Electricity Purchase Agreement (EPA)*.

The EPA, awarded through BC Hydro's Clean Power Call, includes requirements such as the agreement term, construction and operation costs, how much will be paid for the electricity generated, environmental attributes and other agreement details.

The Clean Power Call

The Clean Power Call was open to all clean energy projects that generate a minimum of 25 GWh of electricity a year using renewable resources and proven technologies. BC Hydro launched this competitive process in June 2007 and awarded the first EPAs in March 2010. Once an EPA is awarded, successful proponents can proceed to construct their project, provided they have secured all the required permits and licenses.

**Source: http://www.bcenergyblog.com/uploads/file/IPP_guidebook[1](1).pdf*

Environmental Assessment (EA)

An Environmental Assessment Application examines an energy project's potential impacts, including biophysical, social, economic, heritage and health components.

Looking at the Environment

Through field studies and other research, we have examined the potential project impacts to land, air, water, fish and wildlife. Our key findings include:

- **Ecosystems:** Impacts to rare plants, old forests and wetlands considered to be nil (no residual impacts) to low.
- **Wildlife:** No high value habitat in the project area identified for caribou, moose, deer, elk, grizzly bear, fisher and wolverine. For caribou, the project area has very low potential for lichen growth. The majority of the study area (95%) is low to very low habitat suitability for caribou. Additional wildlife monitoring is proposed.
- **Birds:** Habitat loss, fragmentation and sensory impacts were considered to be minimal for birds and bats during construction. In operation, impacts predicted to be low to moderate (insignificant) for birds and bats. Assessment is based on surveys and field work.
- **Bats:** Further study is proposed to determine potential residual impacts.
- **Water and fish:** Road upgrades proposed over tributaries with no documented fish presence. Minimal potential for surface water degradation from spills of deleterious substances into water bodies.

An Application for an Environmental Assessment Certificate (EAC) for the Quality Wind Project was filed in June 2009 with the B.C. Environmental Assessment Office (EAO), and a formal 180-day review process, including open houses, is near completion.

Construction of the QWP is subject to an EAC and other approvals. With no identified barriers to date, we expect to complete the EA process about mid-year.

Information on the project, including the EA Application, is available on the EAO website at: **www.eao.gov.bc.ca.**

Health and Safety

- Throughout the project, public safety measures are incorporated into the project design and operations.
- Implementing transportation planning and safety measures during construction will minimize the potential for traffic related safety concerns.
- Capital Power will ensure the wind turbines are maintained and operated in accordance with all applicable codes and regulations.
- Built-in safety measures and standard procedures for wind turbine operation and maintenance and control systems help protect physical safety.

Local area resident Sarah Gamble, AMEC Arcas Consultant for the QWP.

Noise

- There are two potential sources of sound typically associated with wind turbines:
  - Aerodynamic – blades pass through the air and create a "swishing" sound.
  - Mechanical – originates from the gearbox and generator that are often housed in the nacelle.
- Sound from wind turbines is often masked by the surrounding environment (e.g., rustling leaves, light rain falling, insects, etc.).

Project Timeline and Construction

CPC will continue to consult with community stakeholders, First Nations and aboriginal communities throughout the life of the project.

To date

- Wind resource studies, environmental studies, preliminary engineering
- Consultation with interested stakeholders, including community members, relevant agencies, and First Nations
- Project proposal submission to BC Hydro and Application for Environmental Assessment Certificate (EAC)

2010

- ***Anticipated*** – EAC and other required approvals
- Finalize engineering and design
- Pre-construction activity – clearing, bore hole drilling

2011

- Construction – clearing, road work and installation of project infrastructure

2012

- Construction – concrete pouring, hub erection and nacelle installation

Late 2012/early 2013

- Commercial operation

CPC and Your Community

CPC understands the importance of being a good neighbour and contributing to the community's well being. We want to develop a project that is aligned with the community's interests.

Construction work will include clearing, road building/widening and installation of project infrastructure prior to the commissioning phase. Approximately 160,000 person hours (80 person years) of direct employment are projected, with an additional 40,000 person hours (20 person years) of work at local aggregate and concrete suppliers.

Capital Power looks forward to engaging local businesses and sharing information with them on future opportunities during construction.

If the QWP is developed, we anticipate it would result in approximately 8 to 12 full-time jobs for operations and maintenance.

Ryan Murray, Project Consultant, views the proposed turbine area SW towards Tumbler Ridge.

Capital Power Values Your Input

Your feedback about the proposed project is important and Capital Power values your input. We invite you to please call, email or visit us with your comments or questions.

Contact Us

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