

HYDRO POWER



ABOUT HYDRO POWER FACILITIES

Hydro power facilities generate electricity by using the power of flowing water without wasting or depleting it in the production of energy. Hydro power is currently the most widely used source of renewable energy in the world. Generally, hydro power facilities have a life span of up to 100 years, which means that they have long-term viability. They can also be refurbished to take advantage of new technologies. In addition, hydro power facilities typically have relatively low operating costs and maintenance requirements. All of these factors make hydro power facilities stable, reliable generators of electricity.

OPERATING DATA

FOUR SITES

TWO IN ONTARIO, TWO IN BRITISH COLUMBIA

ATLANTIC, PACIFIC & ARCTIC WATERSHEDS

36 NET MEGAWATTS (MW)
TOTAL INSTALLED CAPACITY

158.3 (GWH)
ELECTRICITY PRODUCTION*

17,000
APPROXIMATE EQUIVALENT NUMBER
OF HOUSEHOLDS PER YEAR

COMMERICAL OPERATIONS

APRIL 1992
WAWATAY

MARCH 1997
SECHLT

JANUARY 2000
HLUEY LAKES

1986
DRYDEN** REFURBISHED IN

2010
WAINWRIGHT'S TURBINE REPLACED

2014
PENSTOCK REPLACED AT DRYDEN (EAGLE RIVER)

*In the year ended December 31, 2014.
** Eagle, Wainwright, Mckenzie

DID YOU KNOW?

- Over the next 20 years, hydro power project development will benefit Canada with more than \$125 billion in investments and a million jobs.¹
- By offsetting emissions from gas, coal, diesel and oil-fired power plants, hydro power can contribute to reducing air pollution and addressing climate change.

1 Canadian Hydropower Association

POWER PURCHASE AGREEMENTS

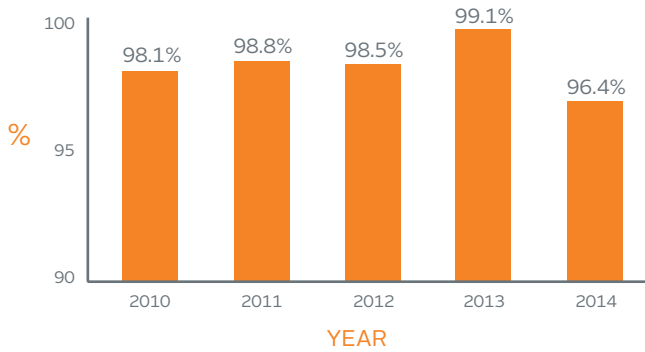
- Sechelt's PPA with BC Hydro expires in 2017.
- Hluey Lakes' PPA with BC Hydro expires in 2020.
- Wawatay's PPA with the Ontario Electrical Financial Corporation (OEFEC) expires in 2042. The PPA has different pricing provisions for power produced during the summer and winter as well as for power produced during on-peak and off-peak hours.
- Dryden's PPA with the OEFEC expires in 2020. The PPA has different pricing provisions for power produced during the summer and winter as well as for power produced during on-peak and off-peak hours.

PERFORMANCE

FOR THE YEAR ENDED

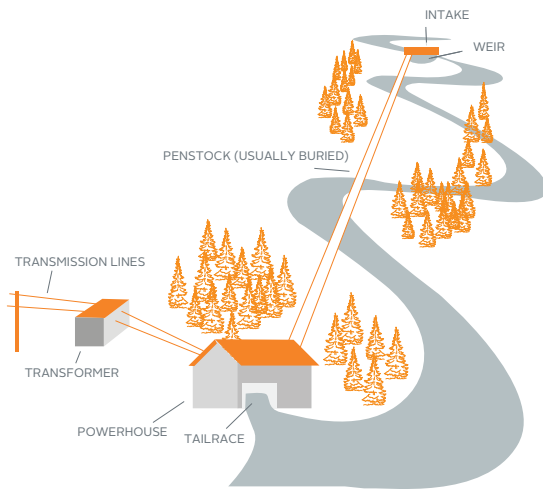
(\$000S UNLESS OTHERWISE NOTED)	2013	2014
ELECTRICITY PRODUCTION (GWh)	168.7	158.3
REVENUE	14,373	14,135
OPERATING EXPENSES	(3,533)	(3,618)
ADJUSTED EBITDA	10,888	10,538
CAPACITY FACTOR	53.9%	50.7%
AVAILABILITY	99.1%	96.4%

5-YEAR AVAILABILITY



HOW HYDRO POWER FACILITIES GENERATE POWER

Hydro power facilities convert the natural flow of water into electricity. The amount of electricity that a hydro power facility can produce depends on the quantity of water passing through a turbine and on the height from which the water falls. Run-of-river facilities divert a portion of a river's water to a channel or pipeline (penstock) that delivers the water to a turbine. The moving water, which builds up pressure as it flows through this pipeline, rotates the turbine, which in turn spins a shaft. The motion of the shaft is used to power a generator to produce electricity. Reservoir facilities use dams to create a pool of water. Gates on the dam open and gravity pulls the water through the penstock, which leads to the turbine, which in turn spins a shaft that powers the generator to produce electricity. In both cases, used water is carried through pipelines, called tailraces, and re-enters the river downstream. Hydro power is one of the most efficient sources of energy. Modern hydro power stations can convert more than 95% of the available energy in the river into electricity.



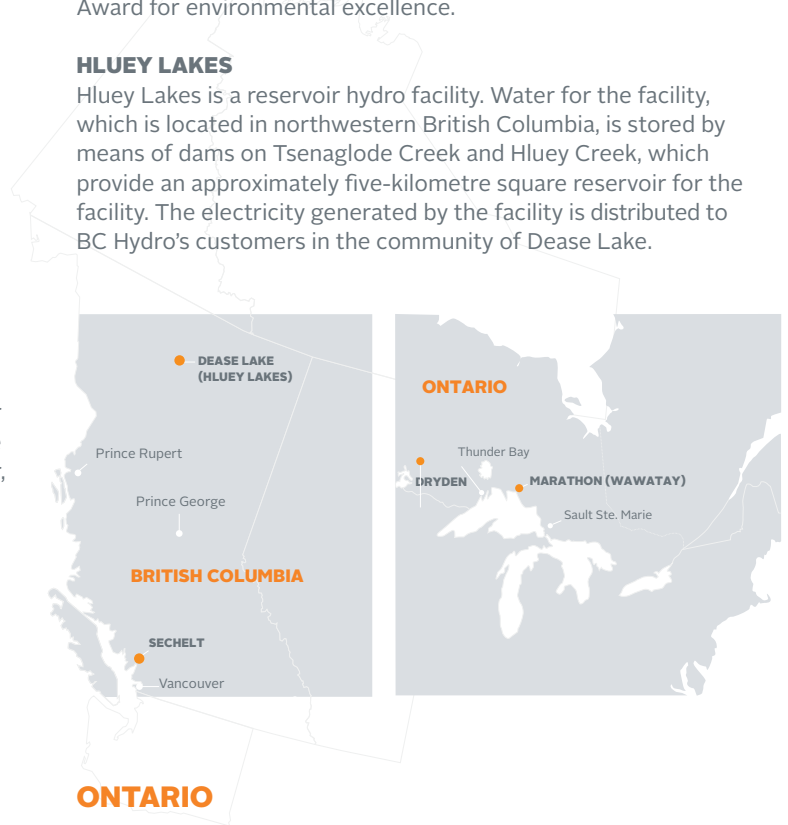
BRITISH COLUMBIA

SECHELT

Located on Sechelt Creek, which runs into Salmon Inlet, the run-of-river Sechelt hydro facility delivers the electricity it generates to BC Hydro's transmission grid. In 2005, the Sechelt facility won the International Hydro Association's Blue Planet Award for environmental excellence.

HLUEY LAKES

Hluey Lakes is a reservoir hydro facility. Water for the facility, which is located in northwestern British Columbia, is stored by means of dams on Tsenaglode Creek and Hluey Creek, which provide an approximately five-kilometre square reservoir for the facility. The electricity generated by the facility is distributed to BC Hydro's customers in the community of Dease Lake.



DRYDEN

The Dryden facility comprises the Wainwright, Eagle River and McKenzie Falls generating stations. These stations obtain water from large drainage areas, which include the Eagle and Wabigoon lakes. Together, the generating stations capture the energy of water to generate electricity, which is then delivered to Hydro One's grid.

WAWATAY

The run-of-river Wawatay facility is located on the Black River in northern Ontario. The electricity generated by Wawatay is delivered to Hydro One's grid.

ABOUT CAPSTONE INFRASTRUCTURE CORPORATION

Capstone's mission is to provide investors with an attractive total return from responsibly managed long-term investments in core infrastructure in Canada and internationally. The company's strategy is to develop, acquire and manage a portfolio of high quality utilities, power and transportation businesses, and public-private partnerships that operate in a regulated or contractually-defined environment and generate stable cash flow. Capstone currently has investments in utilities businesses in Europe and owns, operates and develops thermal and renewable power generation facilities in Canada with a total installed capacity of net 461 megawatts. Please visit www.capstoneinfrastructure.com for more information.

CONTACT US

Investor Relations

Capstone Infrastructure Corporation
416.649.1325
info@capstoneinfra.com

www.capstoneinfrastructure.com