

IESO (Ontario) Market Price Forecast E3 Core Case

2026 1st Edition



Energy+Environmental Economics

marketprices@ethree.com

Disclaimer

E3 created the following forecasts and analyses using the best available information and our market expertise and industry knowledge, along with commercially available 3rd party software and our own proprietary in-house market price forecasting tools. However, the future is uncertain, and these forecasts (along with underlying market expectations) may change due to many factors, including unforeseen events, new technology adoption or inventions, new market structures, regulatory actions, and changes in both state and federal government policies.

E3 does not make any representations or guarantees related to the accuracy or completeness of these forecasts or any of the information presented herein and is not liable for any damages or consequences associated with the use of these forecasts by any other party for commercial transactions, investment decisions, or other purposes. Any person or entity using these forecasts for any purpose, by so doing, does so entirely at their own risk and with no reliance on E3 or E3's work products. The information provided by E3 herein does not constitute any promise or obligation for E3 to provide any additional information, materials, or updates in the future.

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Energy+Environmental Economics

Executive Summary

Who is E3?

Technical & Strategic Consulting Specializing in the Energy Transition

130+ full-time
consultants

30+ years of
deep expertise

Degrees in Engineering + Economics
+ Mathematics + Public Policy



San Francisco



New York



Boston



Calgary



Denver

E3 Clients

350+
projects
per year
across our
diverse
client base



Asset Classes Supported by E3



Utilities



Thermal Generation Resources



Transmission and Grid Enhancing
Technologies



New Generation Technologies



Software Solutions



Data Centers and Other Large Loads



Low Carbon Fuels and Pipelines



Energy Storage



On/Off-Shore Renewables



Electric Vehicles, Distributed Generation
and Flexible Loads

E3 Work in Ontario

- + E3's experience with a broad range of stakeholders in Ontario gives us a strong understanding of policies, regulations, stakeholder interests, market dynamics, contract structures, and the competitive landscape**
- + E3's work in Ontario has covered a wide range of topics and clients such that we not only understand the current market but have thought extensively how the market may change over the short-, medium-, and long-term**
- + E3 has also worked directly in a public setting with Ontario**
 - IESO Dynamic Reserve (2023-24): Report to the IESO on the reserves required to support the high levels of renewables proposed in the Pathways to Decarbonization study. The scenarios evaluated the flexibility reserves required to support a 2035 moratorium on natural gas generation, and net zero by 2050 in Ontario's electricity sector
 - Ontario Feed-in Tariff Testimony (2021): E3 provided expert witness support on the appropriateness of the Feed-in-tariff (FIT)
- + E3 has actively supported developers, investors (infrastructure funds, private equity, lenders), on energy storage, renewables, and conventional generation investments**

E3's Forecasting Philosophy in an Era of Unprecedented Uncertainty across Supply, Demand, Policy, and Market Design

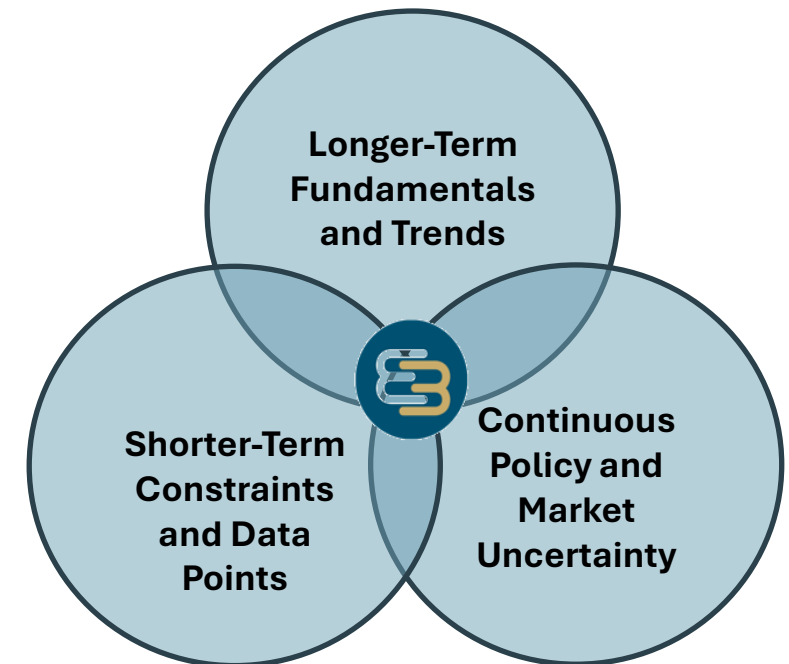
+ E3's forecasting approach has always been driven by our twin guiding principles:

- 1 To create a flagship product supported by rigorous, fundamentals-based analysis that is developed with great care, foresight, and thought in as transparent and intellectually honest manner as possible
- 2 Provide a “consultant-first” engagement platform built on our cross-cutting and best-in-class expertise in the industry

+ In today's era of uncertainty impacting almost all fundamental drivers of power market prices and asset valuation, we believe our approach is well suited to provide our clients with real insight to use as a tool to separate the “signal” from the “noise” by:

- Having our forecasts being continually utilized and tested “in-the-field” across a diverse set of 100+ clients and projects annually
 - This drives a holistic “pressure-tested” product compared to alternatives
- Having every single member of E3's forecasting team be continuously and actively involved in our complex, client-facing consulting work
 - This drives a product that reflects both on-the-ground and modeled “realities”
- Having highly-informed views on policies, markets, and constraints
 - This drives a robust product that reflects, but does not “over-index” to recent data points / news that may or may not significantly impact longer-term trends

E3's Balanced Forecasting Approach



Recent Public Transaction Support

25+GW of Renewables, Storage, and Thermal Generation Assets Evaluated and Supported over the last 12-months along with Major Investments into Utilities and Transmission Assets



E3 supported **Brookfield Renewable Partners** in its acquisition of the U.S. onshore renewables business of **National Grid Renewables** for an enterprise value of \$1.7 billion.



E3 served as market advisor to **Baseline Energy Services**, a provider of low-carbon and mobile distributed power generation solutions, on its sale to **Pennybacker**.



E3 supported **Brookfield Renewable Partners** in their acquisition of **Duke Energy Renewables** for \$1.05 billion in equity proceeds.



E3 acted as market advisor to KKR on the establishment of its **\$2 billion strategic partnership** with Hannon Armstrong Sustainable Infrastructure Capital, Inc. (HASI)

+ E3 works closely with all types and sizes of developers, investors, and financiers active in North America from the smallest to the largest under all ownership structures across a diverse set of asset classes

+ E3 supports many other types of clients like utilities, RTO/ISOs, regulators, and key market participants along with other key stakeholders



E3 served as power market advisor to **Global Infrastructure Partners (GIP)** on their acquisition of Eversource's stake in the **South Fork and Revolution offshore wind** projects.



Key market and strategic advisor to **Blackstone Infrastructure Partners** on \$2.15 billion acquisition of minority equity interest in **Northern Indiana Public Service Company**



Key market and strategic advisor to **Macquarie Infrastructure and Real Assets / Ontario Teachers' Pension Plan consortium** in their investment into **Puget Sound Energy**



Key market and strategic advisor to **InfraRed Capital Partners** in their investment into a portfolio of **Texas and Nevada transmission assets**

- For utilities, our work spans C-suite / Board strategy to utility resource planning, program cost-effectiveness analysis, ratemaking, and regulatory filing support, all of which support our expertise in transaction contexts



Key market and strategic advisor to **Ontario Teachers' Pension Plan** in their acquisition of certain **NextEra** assets



Key market and strategic advisor to **Amber Infrastructure Group** in their investment in low carbon fuels (RNG and ethanol)



Key market and strategic advisor to **Generate Capital** in their investment in a battery energy storage platform (esVolta)



E3 acted as market advisor to KKR on its acquisition of Emera's equity interest in the Labrador Island Link (LIL). A transaction valued at \$1.19 billion CAD. The LIL is a 1,100 km high voltage transmission line that delivers renewable energy to Newfoundland, Nova Scotia from Labrador.

- We have been trusted consultants for many years to numerous state regulatory commissions and agencies (e.g., the California Public Utilities Commission and others)
- We also work for several key utility stakeholders such as environmental and non-profit groups

Who is E3?

Our Practice Areas

- + E3 is the **largest consulting firm** focused on the power sector in North America
- + E3 is a recognized **thought leader** on many topics such as power market design and system planning
- + E3 has **three major practice areas** covering energy systems from bulk grid to behind the meter



Climate Pathways & Electrification

- Long-term energy & climate scenarios
- Electrification and low-carbon fuels analysis
- Customer affordability
- Climate risk analysis focused on wildfires



Asset Valuation & Markets

- Energy market price forecasting
- Strategic advisory
- Due diligence
- Market design
- Regulatory consulting
- Transmission planning



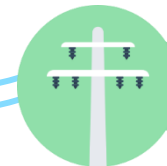
Integrated System Planning

- Electric system planning: reliability and resource analysis
- Utility planning and procurement decisions
- Bid evaluation and procurement support

Economy-Wide Energy Systems

Bulk Grid Power Systems

Grid Edge / Behind-The-Meter



Asset Valuation and Strategy Practice Area

- + The Asset Valuation and Strategy practice area works primarily with project developers, asset owners, and investors
- + Insights informed by work being done across the firm that provides a unique 360-degree perspective of rapidly evolving markets
 - **Energy Policy** → how will policy change the playing field for different resources?
 - **Planning** → what resources will power the grid in 2030? 2050?
 - **Market Analysis** → how will market prices evolve in the grid of the future?
- + The E3 Asset Valuation and Strategy team provides a broad and deep range of analytical support tailored to client needs for strategy, planning, development, and financing
- + Typical services include:
 - Transaction support and due diligence (buy side and sell side)
 - Strategy formulation and market entry
 - Board-level reports on market outlook and asset performance
 - Customized forward-market price projections incorporating impacts of policy and technology changes
 - Revenue stream/benefits analysis, for asset or portfolio
 - Production cost simulation using in-house proprietary tools or customized commercial software
 - Project site evaluation
 - Off-taker assessments
 - Basis spread assessment
 - Wholesale market rules and bidding strategies



Asset Valuation / Strategy

- Analyze asset value from multiple perspectives in vertical, bilateral, and wholesale markets
- Strategic support for project development, acquisition, and operation, including market entry
- Proprietary in-house models and in-depth knowledge of public policy, regulation and markets

E3's Comprehensive and Best-in-Class Modeling Toolkit

Market-Level

PLEXOS



Granular operational simulations and capacity expansion for market price forecasts, system planning, and resource evaluation

PATHWAYS



Economy-wide accounting of potential role for emerging technologies in the energy transition

RECAP



System-wide reliability assessment and resource-by-resource assessment of capacity value

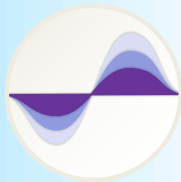
RESOLVE



Optimal capacity expansion for electric systems, including emerging technology candidates

Project-Level

RESTORE



Optimizes energy storage and thermal generation asset value via operations

REMATCH



Evaluates marginal emissions and final electricity demand costs

RECAST



Forecasts of the total financed cost of generation technologies

Electrolytic Fuel Calculator



Technical cost analysis of electrolytic fuel production through electrolysis

E3 Model Ecosystem for Market Price Forecasts: Built on Decades of Experience and 360° Analysis

E3 Model Toolkit

Input Models

E3 PATHWAYS

Least-cost decarbonization pathways across sectors to meet GHG targets

E3 RESHAPE

Load simulation for building electrification & EVs

E3 RECAST

Levelized costs of new resources including financing and tax incentives

E3 RECAP

Stochastic reliability modeling for ELCCs of renewables and storage

Output Models

E3 RESTORE

Optimized battery operations and revenues

E3 Scarcity + RT Price Model

Forecasts scarcity and real-time energy prices with regression analysis

E3 Nodal Price Model

Node-zone basis forecast for nodal prices

E3 Ancillary Services Model

Forecasts AS prices with regression analysis and market saturation

E3 Capacity Market Models

Capacity price formation by market, aligned with unique market dynamics

E3 REC Market Models

Renewable Energy Credit prices aligned with unique market dynamics

Market Price Forecasting Approach

Key Scenario Variables

1

Load Forecasts

Regional load growth, energy efficiency, building electrification, and EVs

2

Policies

RPS, CES, GHG, other mandates

3

Regional Coordination

Transmission, Trading, and policy alignment

4

Costs:

- New resource costs
- Gas prices
- Carbon prices

PLEXOS Model Outputs

5

Long-Term Capacity Expansion (Annual)

New Resource Additions

- Economics
- Policies and mandates (RPS, CES, GHGs)
- System reliability needs
- Retirements

6

Production Cost Simulation (Hourly)

Energy Market Forecasts

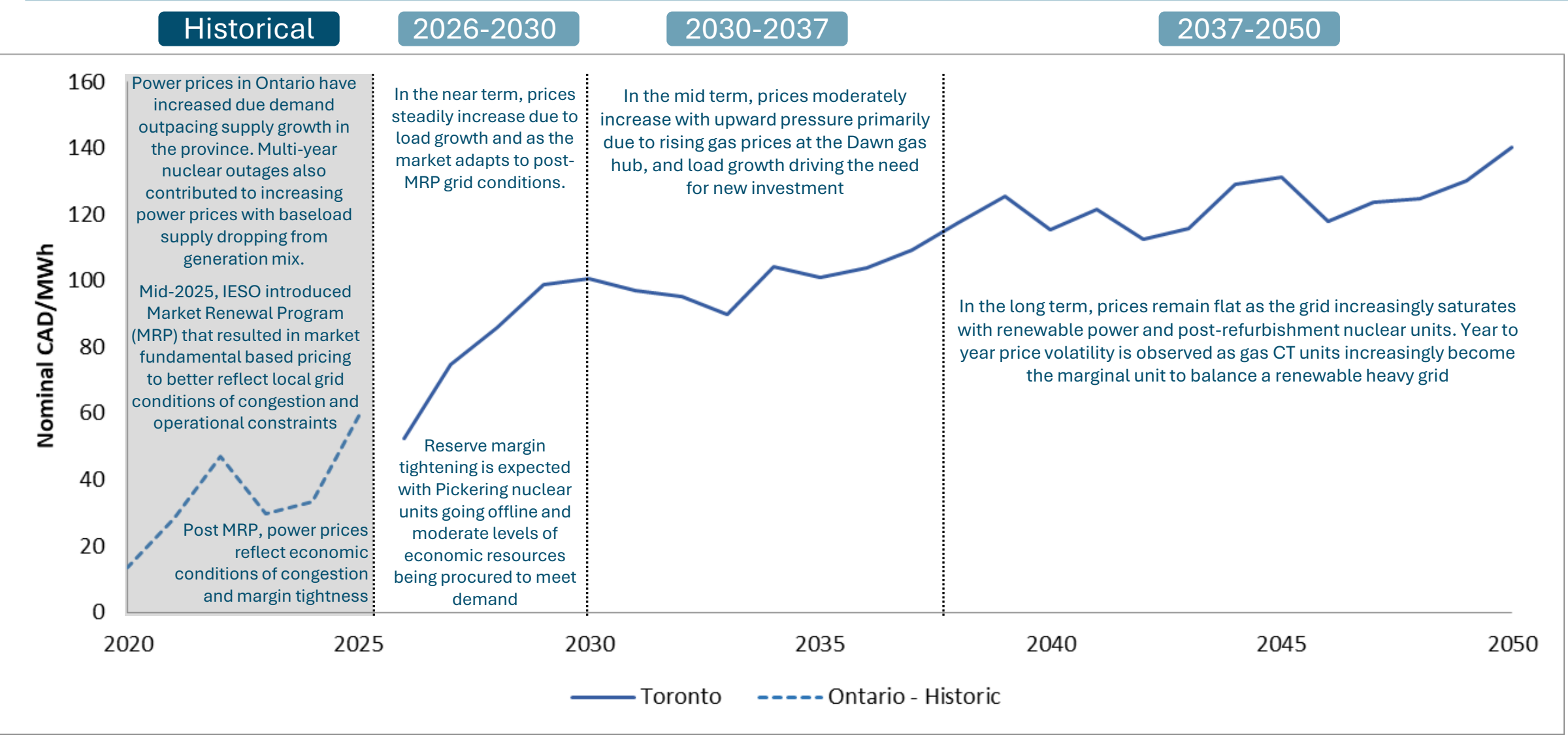
- Hourly day-ahead energy prices by zone
- Dispatch, renewable curtailment, and transmission flows

E3 Forecasts

Market Product	Geographic Granularity	Temporal Granularity
Energy (Day-Ahead and Real-Time)	Zonal	Hourly
Capacity (low, medium, high forecasts)	System / Local	Annual
Ancillary Services (Reg, Spin, Non-Spin, EIR)	ISO	Hourly
ELCC Curves	Regional	Annual
RECs	State / ISO	Annual
System Operations	System / Local	Hourly / Monthly

Fundamentals-based market modeling built on day-ahead energy prices

IESO Market Price Forecast (Toronto Zonal Price)





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IESO Market Overview



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E3 Modeling Approach



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E3 Modeling Assumptions



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E3 Forecast Results: 2026-2050