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Northern Hydro Program (NHP): Final Program Documents

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Territory Acknowledgement

The IESO acknowledges the land we are delivering today's webinar from is the traditional territory of many nations including the Mississaugas of the Credit, the Anishnawbe, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit First Nation.

As we have attendees from across Ontario, the IESO would also like to acknowledge all of the traditional territories across the province, which includes those of the Algonquin, Anishnawbe, Cree, Oji-Cree, Huron-Wendat, Haudenosaunee and in addition to the Métis and Inuit peoples.

Northern Hydro Program: Overview

- The Northern Hydro Program is a Standard Offer Program
 - It is intended to extend the life of existing, large (10+ MW) northern hydroelectric facilities with new, 20-year contracts
 - Using the IESO's Enhanced Power Purchase Agreement (E-PPA) model, the contract financial incentives are designed to complement energy market signals and encourage more efficient real-time system operation, delivering value to Ontario ratepayers
 - The NHP is designed to offer a stable revenue stream to a key set of hydroelectric resources that both help maintain the reliable operation of the grid and play an important role in areas such as flood control, irrigation and supporting local employment and economic development

Agenda

Background

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Highlights

Program
Documents

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Timeline

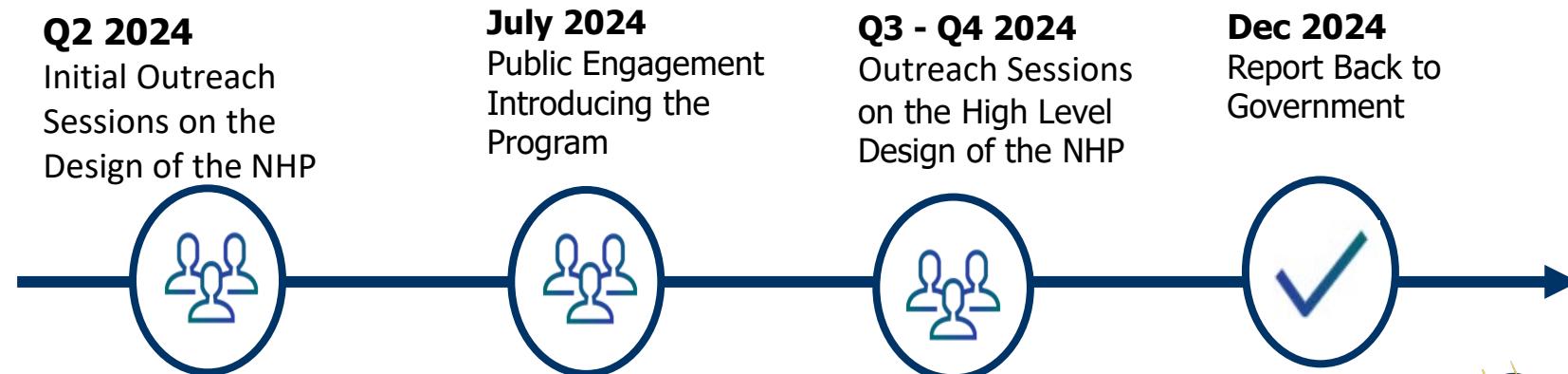
Background

Background: Ministry Direction to Design

- Following the successful launch of the Small Hydro Program (SHP) in December 2023, the Minister instructed the IESO in May 2024 to design a Northern Hydro Program (NHP)
 - The scope of the program was to include **existing contracted and merchant hydroelectric facilities** with installed capacities greater than 10 MW
 - The goals of the program were to deliver ratepayer value while considering the capital investments needed to maintain and operate large hydro electric facilities
 - The Minister's letter recommended that the NHP design include key design elements of the Small Hydro Program (SHP) that were identified as suitable for large hydroelectric facilities

Background: Engagement Activities

- From Q2-Q4 2024, the IESO and stakeholders held design discussions and worked towards a common high-level design
 - This included individual meetings with owners, a public engagement in mid-July, and outreach sessions to work through various design considerations
 - In December 2024 the IESO provided a report back to government summarizing the design, the feedback received, and an overview of items that required further consultation to finalize program development



Background: Ministry Direction to Launch

- In response to the Report Back, on June 12th 2025, the Ministry of Energy directed the IESO to:
 - Launch a Northern Hydro Program by March 31, 2026, and ensure all NHP contracts expire on April 30, 2050
 - Subject to appropriate adjustments, the program was to implement a contract model consistent with the model developed for the Long-Term 2 Energy Supply Request for Proposals (Window 1)(LT2(e)) and Medium-Term 2 Energy Supply Request for Proposals (MT2(e))

Background: Targeted NHP Outreach Sessions

- Since June 2025, the IESO has been engaging directly with stakeholders who own/control the approximately 26 existing, hydroelectric facilities that are eligible for the NHP to develop the program rules, contractual and commercial terms, and prescribed forms
- Following this engagement, these near-final documents will be shared with the broader public for awareness and transparency



Northern Hydro Program Highlights

Highlights: Contract Payment Model

- The NHP will use an Enhanced Power Purchase Agreement (E-PPA) Model. Compared to a traditional PPA, the E-PPA:
 - Provides greater revenue certainty, with reduced exposure to year-to-year hydrologic variability and transmission congestion price impacts, as payments are based on a monthly revenue requirement rather than solely on energy production in a given period
 - Encourages suppliers to generate electricity when and where it is most valuable, as suppliers retain all market revenues earned under the E-PPA
 - This rewards operational flexibility – helping to lower overall costs to ratepayers - without penalizing less flexible resources, such as run-of-river facilities, which continue to benefit from revenue certainty

Highlights: Contract Term

- All Contracts expire at midnight on April 30, 2050
 - This provides up to a 20-year contract term length for many facilities
 - Suppliers have the option to terminate their Contract during either the 8th or 15th Contract Year, in accordance with the Contract terms
 - These Contract durations are designed support long-term capital planning and investment activities at existing northern hydroelectric facilities

Highlights: Forward Period

- The NHP will use a 5-year forward period for transitioning onto an NHP contract
 - For example, a facility with an existing contract expiring in 2031 could apply in any year between 2026 and 2031
 - A 5-year forward period provides facilities approaching contract expiry the certainty needed for capital planning
 - This forward period also manages the current and future administrative burden of managing multiple contracts for each facility
 - Facilities with contracts expiring beyond the early 2030's could apply to the NHP once they enter into the 5-year forward period

Highlights: Opportunities for Upgrades & Investments

- The NHP contract includes processes to recognize continued facility investments, including those that would upgrade or expand the facility
 - There would be no payment premiums for upgrades, though contract payments under the NHP would extend to the increased contract capacity facility post-upgrades. This could include historical upgrades completed prior to the NHP term
 - The NHP Contract also does not preclude facilities seeking to upgrade or expand from potentially participating in other procurements. Facilities may be eligible for LT2 (or future procurements) subject to the eligibility requirements of those procurements

Highlights: A Balanced Approach to Risk Mitigation

- For Ratepayers:
 - The E-PPA model encourages Suppliers to follow market signals, ensuring energy is delivered to the grid where and when it is most needed
 - The contract is designed to encourage efficient operation of NHP facilities. Sustained under-performance can result in non-performance charges
- For Suppliers:
 - The contract model provides protections against sustained negative market prices that may occur, for example, during freshet
 - Mechanisms built into the contract to protect against periods of high market prices during periods of low water availability



Northern Hydro Program Documents

Program Documents: Targeted Sessions

- Since Q2 2025, the IESO has been engaging directly with stakeholders who directly own/control the approximately 26 existing, hydroelectric facilities that are eligible for the NHP to develop the program rules, contractual and commercial terms, and prescribed forms
- These near-final documents are now being shared with the broader public for awareness and transparency

Program Documents: January 2026 Drafts

- This presentation, along with the NHP Documents, will be posted shortly on the engagement website for your reference, and will include:
 - Draft NHP Rules – January 2026
 - Draft NHP Contract – January 2026
 - Draft NHP Application Form – January 2026
- Following today's session, minor changes may be made to the program documents before they are finalized based on stakeholder feedback and final IESO due diligence review
- Final program documents will be posted to the website and shared with stakeholders

Program Documents: Feedback Opportunity

- Stakeholders are welcome to submit questions and feedback on the program documents by February 6th, 2026
- Where feasible, the IESO will aim to respond to relevant feedback prior to program launch by end of March 2026



Northern Hydro Program Launch

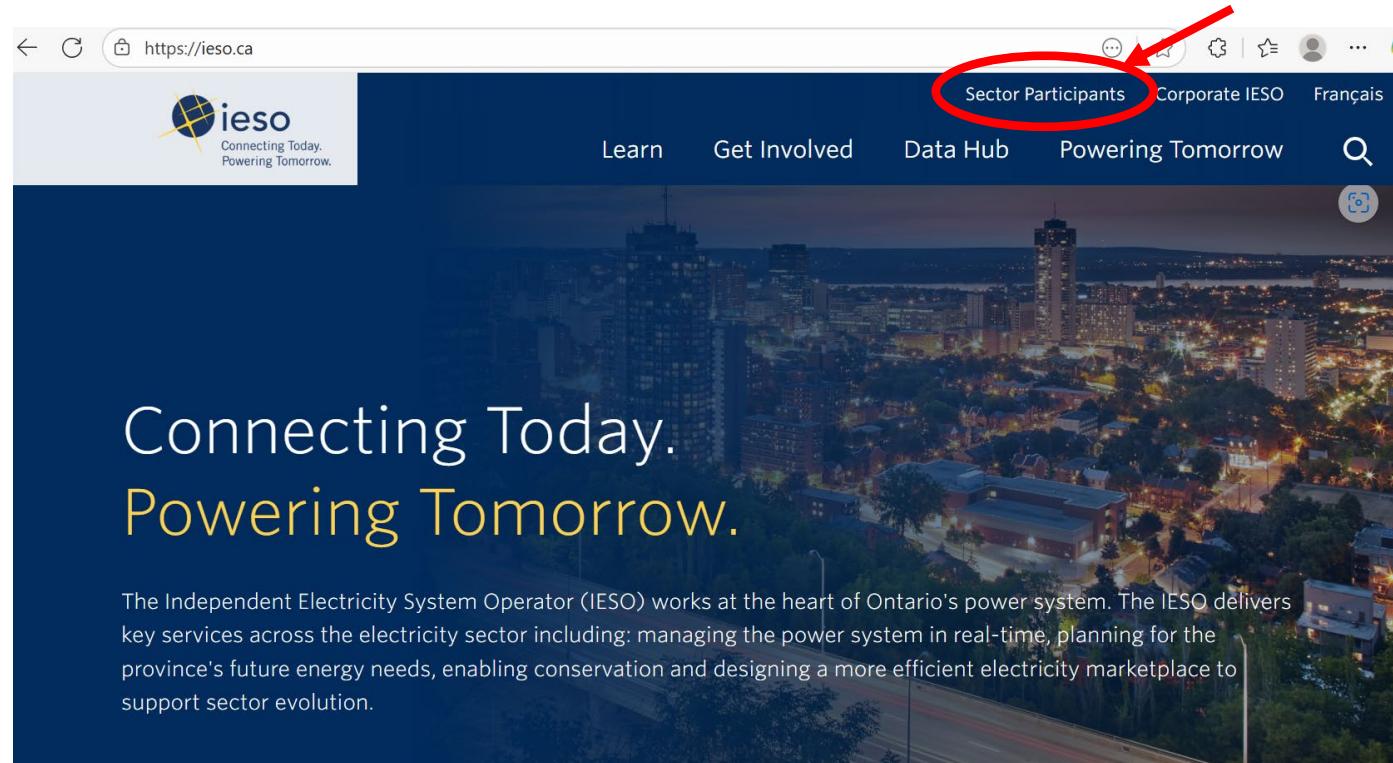
Program Launch: Link to Program Documents

- The program is expected to formally launch on March 31, 2026, after which time the IESO will begin accepting applications
- Program Documents will be available on the Northern Hydro Program webpage and the application period is open
- The IESO intends to support Applicants as required through the process

NHP Documents	Link to Program Documents
Rules, NHP Contract, Application Form, Prescribed Forms	Contracts web page

Navigating to the NHP Final Documents (1 of 3)

To navigate manually to the final NHP documents click on “Sector Participants” in the top right of the screen:

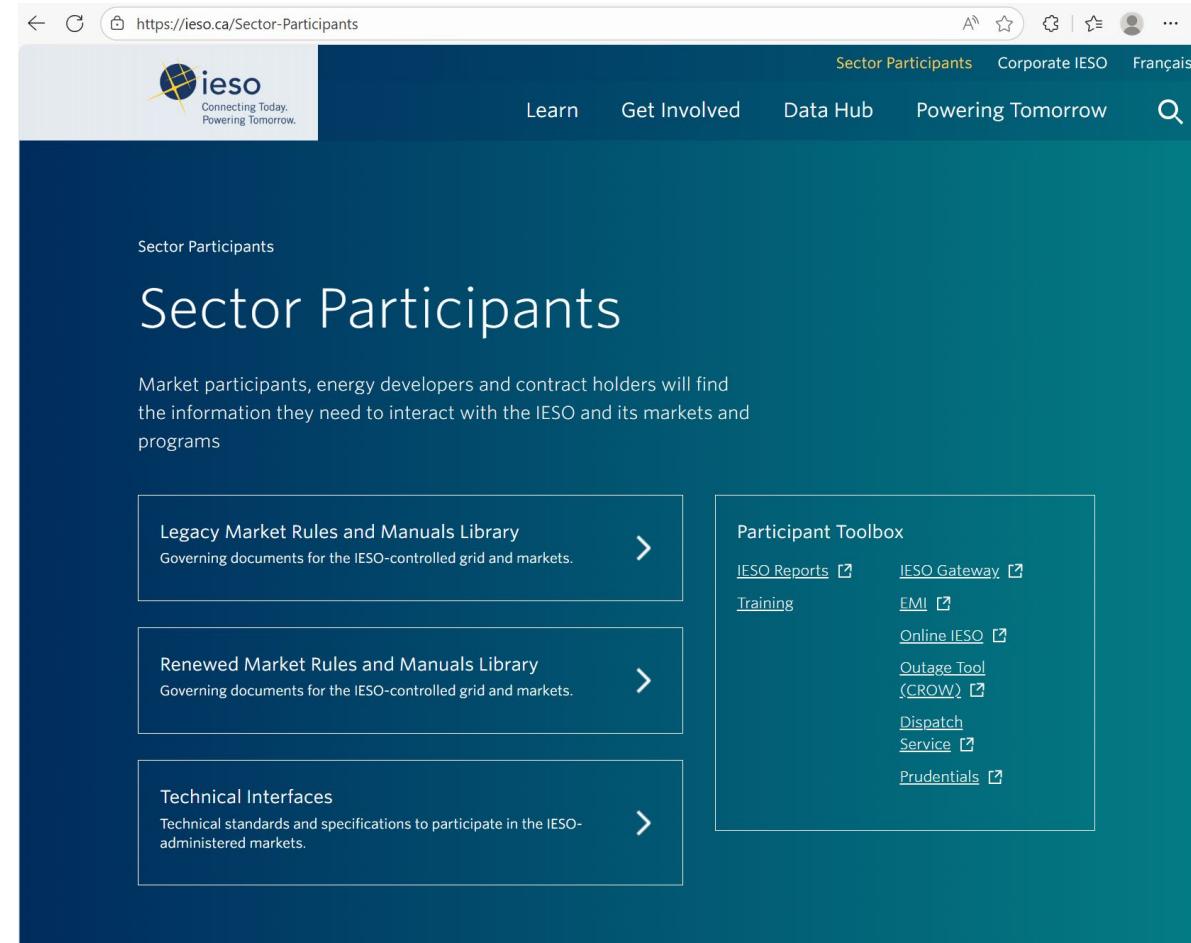


Navigating to the NHP Final Documents (2 of 3)

Next you will see a webpage like this:



Scroll to the bottom of the page



IESO

Connecting Today. Powering Tomorrow.

Sector Participants

Sector Participants

Market participants, energy developers and contract holders will find the information they need to interact with the IESO and its markets and programs

Legacy Market Rules and Manuals Library
Governing documents for the IESO-controlled grid and markets.

Renewed Market Rules and Manuals Library
Governing documents for the IESO-controlled grid and markets.

Technical Interfaces
Technical standards and specifications to participate in the IESO-administered markets.

Participant Toolbox

IESO Reports IESO Gateway

Training EMI

Online IESO

Outage Tool (CROW)

Dispatch Service

Prudentials

Navigating to the NHP Final Documents (3 of 3)

At the bottom of the “Sector Participants” webpage, you will find a link to the [Contracts web page](#)

This will have a section dedicated to the Northern Hydro Program documents. Click on the “+” symbol in front of the Northern Hydro Program title to expand the section and access the document links

Resource Acquisition and Contracts

Procurement opportunities for energy resources, as well as contract forms and administration

[Contract Data and Reports](#) >

[Contract Management Forms](#) >

[Contracts](#) >

[microFIT](#) >

[Medium-Term RFP](#) >

[Long-Term 2 RFP](#) >

[Long Lead-Time RFP](#) >

[Resource Eligibility](#) >

[Transmitter Selection Framework](#) >

To Prepare to Apply to the NHP

- Review the final documents
- Become familiar with the Application Form and required documents to be submitted (as per the checklist in the Application Form)
- Consider the evidence to be submitted to identify a facility, along with the other application information

Applying to the NHP

To apply to the NHP:

- Read the Program Rules to confirm eligibility, note that there is a 5-year forward period, i.e. the current contract has to expire within 5 years
- Fill out and submit a Completed Application Form with all required supporting documentation identified in the application form checklist, to northernhydroprogram@ieso.ca
- Upon submitting an application, the IESO will provide the applicant with an application ID, signaling the application is being processed



Wrap-up

Summary and Next Steps

- Collaboration with, and Contributions from, the Hydro community have been instrumental in helping the IESO and facility owners reach this important milestone
- We look forward to continuing to work with you as the NHP transitions from design to program launch and accepting applications
- Stakeholders are welcome to submit questions and feedback on the program documents by February 6th, 2026
- Where feasible, the IESO will aim to respond to relevant feedback prior to program launch by end of March 2026



Q & A

Thank You

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