Houlihan Lokey

Power, Utilities, and Renewables Group

Thermal and Renewable Markets

Q2 2026 Update

Introduction

Power, Utilities, and Renewables Group

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Power, Utilities, and Renewables Market Snapshot for the quarter ended June 30, 2026.

We have included recent M&A transaction announcements, capital markets performance, and other industry insights to help you stay ahead in this evolving sector. We hope you find this update to be informative and that it serves as a valuable resource to you in staying abreast of the market. If there is additional content you would find useful for future updates, please don't hesitate to call or email us with your suggestions.

We look forward to staying in touch with you.

Regards,

Houlihan Lokey's Power, Utilities, and Renewables Group

Leadership Team

Xander B. Hector
Managing Director
Power, Utilities, and Renewables Group
XHector@HL.com
+1 612.215.2251

Dan O'Donnell
Managing Director
Financial and Valuation Advisory
DODonnell@HL.com
+1 214.665.8626

Blair Richardson
Managing Director
Financial and Valuation Advisory
BWRichardson@HL.com
+1 415.273.3605

Matthew Mazzucchi
Senior Advisor
Power, Utilities, and Renewables Group
MMazzucchi@HL.com
+1 214.220.8494

Spencer Anderson
Director
Power, Utilities, and Renewables Group
SJAnderson@HL.com
+1 612.215.2885

Mustafa Azhar
Director
Financial and Valuation Advisory
MAzhar@HL.com
+1 214.220.8481

Dan Beaulne
Director
Financial and Valuation Advisory
DBeaulne@HL.com
+1 214.665.8631

Vamsi Manda
Director
Power, Utilities, and Renewables Group
VManda@HL.com
+1 214.665.8665

Thad Williams
Director
Power, Utilities, and Renewables Group
TWilliams@HL.com
+1 612.215.2883

Evan Lay
Vice President
Financial and Valuation Advisory
ELay@HL.com
+1 214.665.8660

Hallie Schwalm
Vice President
Financial and Valuation Advisory
HSchwalm@HL.com
+1 214.220.8492

Our Service Offerings

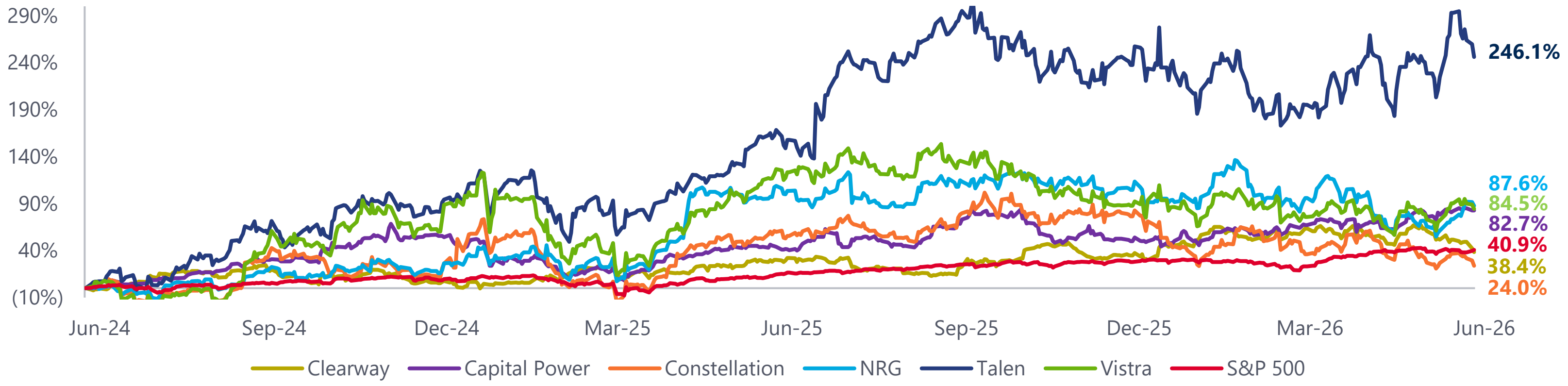
- Mergers and Acquisitions
- Corporate Valuation Advisory Services
- Capital Solutions
- Transaction Advisory Services
- Board Advisory Services
- Dispute Resolution Services
- Financial Restructuring
- Transaction Opinions
- Portfolio Valuation
- Fund Opinions

U.S. Thermal Power Market Landscape

	Where Are We Now?	Stakeholder Takeaways
Unprecedented Load Growth Forecast	• Forecasted AI-driven data center buildout expected to massively expand energy needs over the next decade. • Tightening supply and demand balance driving significant increases in power and capacity prices.	• Sustained long-term load growth expected to require a significant amount of new generation capacity. • Grid reliability heavily dependent on existing thermal generation assets.
Lack of Thermal New Builds	• Input cost and labor inflation have massively increased new build combined-cycle gas turbine costs to ~$2,500/kW, approximately 3x 2021 levels. • Build time for a new facility has lengthened to more than five years due to supply chain delays and limited availability of key inputs restricting new thermal capacity additions.	• Operational assets command a "scarcity premium" by bypassing high construction costs and five-plus-year lead times. • Increased prevalence of "bring your own generation" strategies via co-located, behind-the-meter (BTM) power to support rapid electricity demand growth.
Resource Adequacy Concerns	• Recent extreme weather events have exposed razor-thin supply and demand balances in various independent system operators driven by generator retirements outpacing new supply. • ISOs have announced capacity market and other reforms to incentivize new builds and increase supply ahead of expected load growth.	• Market mechanisms incentivizing new builds, e.g., increased capacity prices, will provide windfall to existing generation. • Dispatchable thermal generation with reliable fuel expected to outperform in extreme weather conditions.
Accelerating M&A Activity	• 2026 has continued the robust thermal M&A activity seen in 2025, with average U.S. gas generation valuations exceeding $1,100/kW—more than double the 2020–2024 average. • Assets with energy transition or data center investment angles have commanded a premium valuation.	• Tight supply and demand dynamics drive robust investor appetite and high valuations for thermal assets. • Buyer universe is expanding to include digital infrastructure firms and hyperscalers seeking reliable power.

Equity Market Performance
Publicly Traded Thermal Generation IPPs

Two-Year Public IPP Share Price Performance(1) (%)



Selected Publicly Traded IPP Statistics(2) ($M)

Selected Public IPPs		Market Metrics			EBITDA		EV/EBITDA	
Company Name	Ticker	Market Cap	Debt Outstanding	Enterprise Value	2026P	2027P	2026P	2027P
Capital Power	*TSX:CPX*	$8,144	$5,035	$13,398	$1,210	$1,262	11.1x	10.6x
Clearway Energy	*NYSE:CWEN*	7,016	9,963	20,443	1,437	1,587	14.2x	12.9x
Constellation Energy	*NASDAQ:CEG*	88,693	22,466	110,632	8,829	9,508	12.5x	11.6x
NRG Energy	*NYSE:NRG*	30,817	23,358	54,647	5,571	6,103	9.8x	9.0x
Talen Energy	*NASDAQ:TLN*	17,443	8,773	25,190	2,206	2,780	11.4x	9.1x
Vistra Energy	*NYSE:VST*	53,487	21,269	76,587	7,321	8,346	10.5x	9.2x
Minimum		**$7,016**	**$5,035**	**$13,398**	**$1,210**	**$1,262**	**9.8x**	**9.0x**
Median		**24,130**	**15,616**	**39,919**	**3,888**	**4,441**	**11.2x**	**9.9x**
Average		**34,267**	**15,144**	**50,150**	**4,429**	**4,931**	**11.6x**	**10.4x**
Maximum		**88,693**	**23,358**	**110,632**	**8,829**	**9,508**	**14.2x**	**12.9x**

Source: Trading multiples are based on share price, other market data, and broker consensus future-earnings estimates from S&P Capital IQ as of 6/30/26.
(1) Reflects current market capitalization as of 6/30/26.
(2) Enterprise Value, Debt Outstanding, and EBITDA pro forma adjusted for recently announced acquisitions.

Key Highlights

STRUCTURAL SHIFT TO GROWTH
The IPP sector has shifted focus from traditional utility stability to meeting rising demand. This transition is primarily driven by the increasing power requirements of AI and data center infrastructure, driving a step-change in future demand expectations.

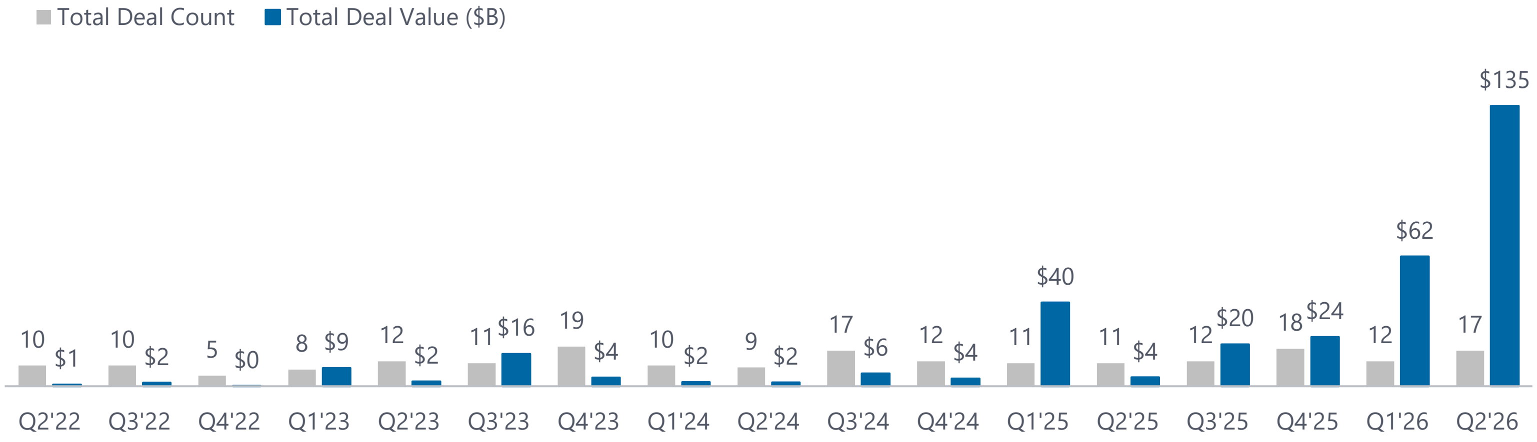
EMERGENCE OF BEHIND-THE-METER
Strong demand for onsite, BTM power has driven successful OEM IPOs (INNIO, ERock) in Q2 2026 and record backlogs for incumbent OEMs scaling BTM capacity. Most notably, Microsoft and Chevron's ~2.7 GW Project Kilby announcement highlights the model at supermajor scale through a 20-year, co-located natural gas power agreement.

SECURING ELECTRONS AND EXPERTISE
As power emerges as a binding constraint, digital infrastructure investors are integrating vertically to secure generation and expertise. Recent examples include DigitalBridge's approximately $1 billion acquisition of ArcLight and KKR's more than $10 billion Helix Digital Infrastructure, which named Vistra its preferred power partner.

FINANCIAL OUTLOOK
The sector demonstrates robust fundamental momentum, with projected EBITDA growth driven by new sources of demand. The Middle East conflict has led to a tightened domestic gas supply, prompting sponsors to re-mark gas assets to higher forward price assumptions and supporting near-term margin expansion.

M&A Activity
Thermal

U.S. Thermal M&A Transactions Announced by Quarter



Notable Deals(1)(2)

	LS Power	Talen Energy	Vistra	Talen Energy	Vistra	nrg
	Constellation Energy Facilities	Cornerstone Generation	Cogentrix Portfolio(3)	Moxie and Guernsey(4)	Lotus Infra. Facilities	LS Power Facilities
Date Announced	Mar-26	Jan-26	Jan-26	Jul-25	May-25	May-25
Generation	4.4GW	2.6GW	5.5GW	2.9GW	2.6GW	12.9GW
Purchase Price	$1,142/kW	$1,344/kW	$855/kW	$1,319/kW	$743/kW	$962/kW
Valuation	*Undisclosed*	6.6x *(2027P EBITDA Multiple)*	8.5x *(2027P EBITDA Multiple)*	7.1x *(2026P EBITDA Multiple)*	7.5x *(2026P EBITDA Multiple)*	7.5x *(2026P EBITDA Multiple)*

Sources: S&P Capital IQ as of 6/30/26 and company announcements.
(1) Includes reported generation and purchase price metrics.
(2) Recent transaction multiples per company announcements or Wall Street industry research reports.
(3) Reflects $2.3 billion cash, $0.9 billion stock, and $1.5 billion assumed debt.
(4) Moxie Freedom and Guernsey 7.1x EV/EBITDA multiple excludes any tax benefits.

Key Highlights

2026: ROBUST M&A ACTIVITY CONTINUES
The trend of robust thermal M&A has continued into 2026. The $67 billion NextEra–Dominion merger, the largest regulated utility transaction ever announced, signals a new phase of large-scale consolidation alongside ongoing thermal platform M&A.

ESTABLISHMENT OF A $1,000/KW VALUATION FLOOR
Marquee transactions have reset pricing expectations for high-quality thermal assets. Average U.S. gas generation valuations since the start of 2025 have exceeded $1,100/kW, more than double the 2020–2024 average, reinforcing a durable valuation floor for operating assets in constrained markets.

STRATEGIC CONSOLIDATION OF PRIVATE FLEETS
The market is witnessing the wholesale transfer of private-equity-backed portfolios (e.g., Cornerstone, Cogentrix, LS Power) into the hands of public strategics (e.g., Talen Energy, Vistra, NRG). This trend underscores the competitive advantage of public currency and balance sheets in financing the next wave of grid reliability and data center support.

THE RELIABILITY PREMIUM
Buyers are underwriting significant value beyond simple energy margins. The notable premiums paid, particularly Talen's approximately $1,344/kW acquisition of Cornerstone Generation, indicate that the market is pricing in the long-term scarcity value of dispatchable generation required to firm intermittent renewables and support hyperscaler load growth.

U.S. Renewable Markets (Past, Present, Future)

Where Were We?

- ESG mandates from federal, state, and private markets.
- Large pools of capital chasing ESG.
- Near-zero interest rates.
- SPAC boom with public renewable names trading at all-time highs.
- Develop/flip companies receiving all-time high valuations.
- Unlimited growth prospects.

Where Are We Now?

- Tariff risks and inflation.
- One Big Beautiful Bill Act (OBBBA) guts most clean energy tax credits.
- Cost inflation.
- Pullback in ESG investing.
- Higher interest rates for longer.
- Interconnection logjam.

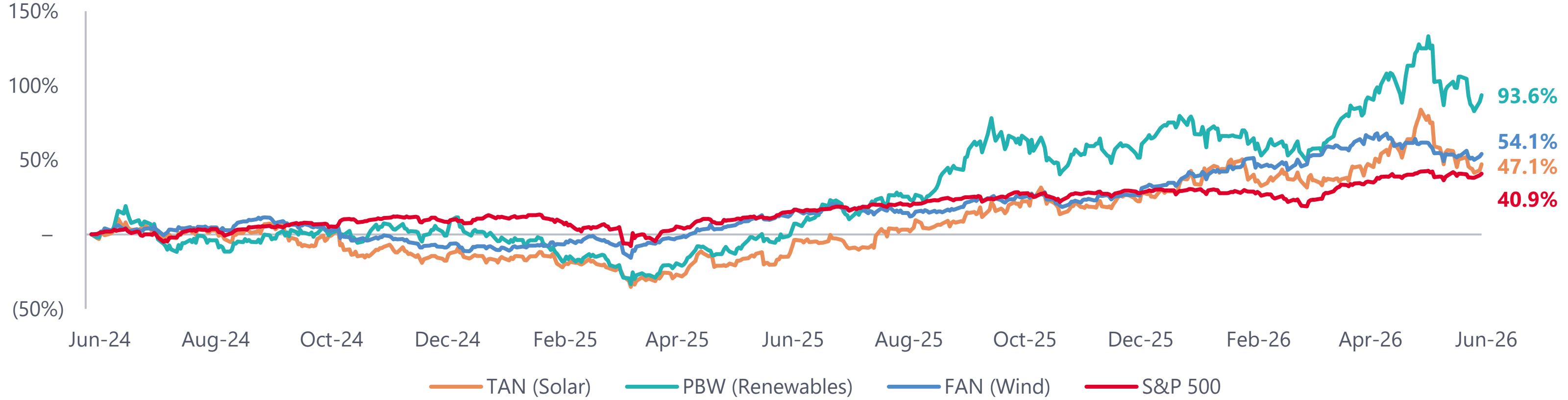
Where Do We Go From Here?

- Cash flow and liquidity focus for developers.
- Potential distress in the renewables value chain.
- Industry consolidation.
- Clean tech companies face deeper challenges with supply chain concerns.
- Emerging technologies face existential risk.
- Investor appetite limited to derisked renewables.

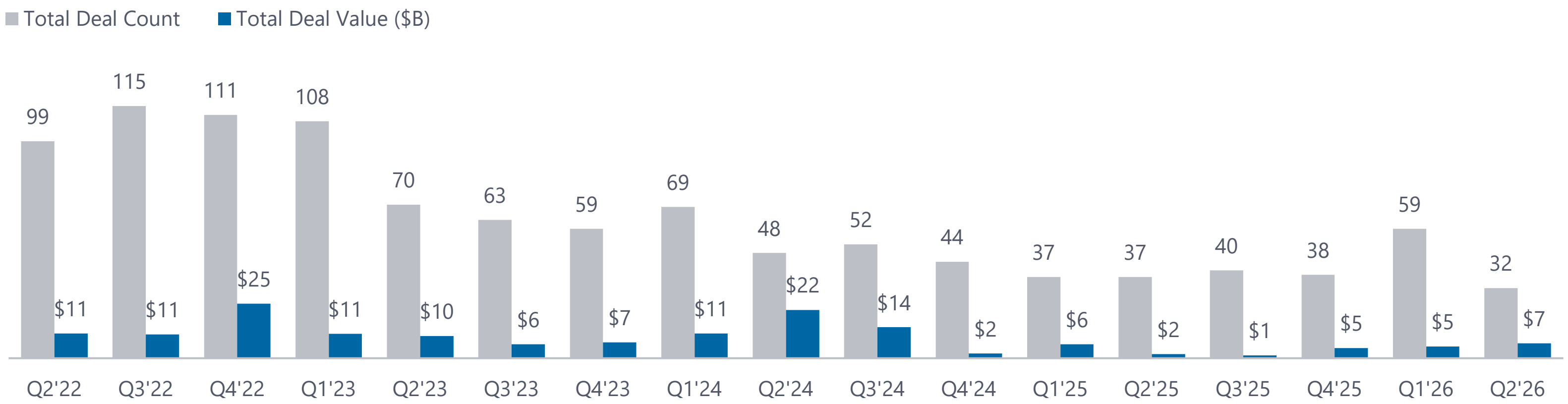
Equity Market Performance and M&A Activity

Renewables

Two-Year Share Price Performance[1] (%)



U.S. Renewables M&A Transactions Announced by Quarter[2]



Sources: S&P Capital IQ and Enerdatics as of 6/30/26.

Note: TAN (Solar) refers to Invesco Solar ETF, PBW (Renewables) refers to Invesco WilderHill Clean Energy ETF, and FAN (Wind) refers to First Trust Global Wind Energy ETF.

(1) Pricing as of 6/30/26 and represents market cap weighted average.

(2) Excludes acquisition of AES Corp. announced in Q1 2026 for a total enterprise value of ~$33.4 billion and the NextEra Energy/Dominion Energy transaction announced in Q2 2026 for a total transaction value of ~$67 billion.

Key Highlights

NEW MARKET PARADIGM

The renewables sector continues to recalibrate to the post-OBBBA landscape, including the phasedown of the Production Tax Credit (PTC) and Investment Tax Credit (ITC), while Foreign Entity of Concern (FEOC) and domestic content provisions add supply chain complexity to ongoing interconnection delays. The recent restoration of the 5% safe harbor for wind and solar projects may expand eligibility for the PTC and ITC, but faces uncertainty due to ongoing policy challenges.

ROBUST BATTERY STORAGE DEMAND

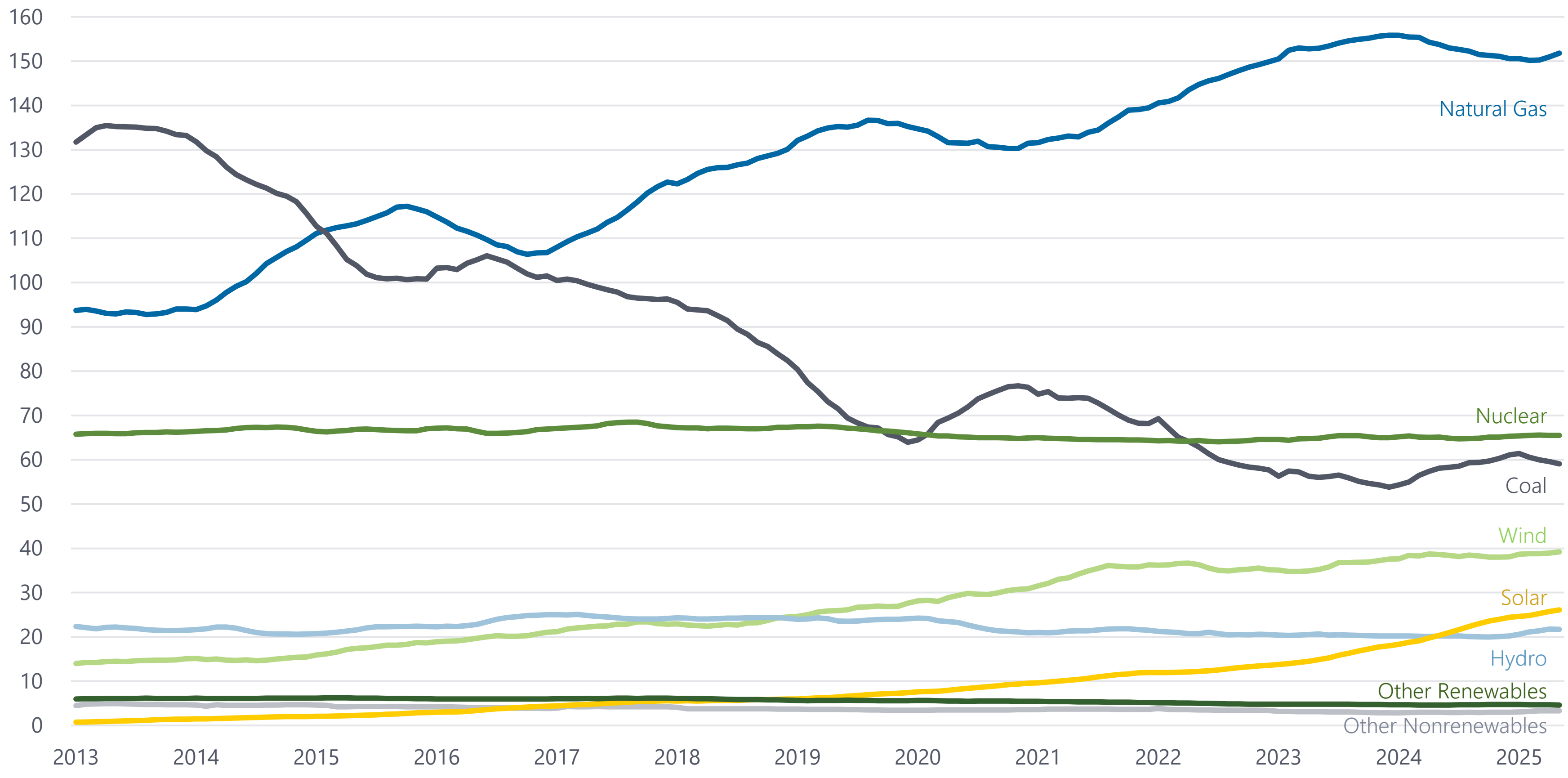
Largely spared from OBBBA headwinds, battery storage capacity continues to expand on the back of sustained ITC availability through 2033. Battery storage is expected to play an increasing role in grid reliability as the AI-driven data center buildout fuels significant electricity demand.

DIVERGENCE IN SOLAR STRATEGIES

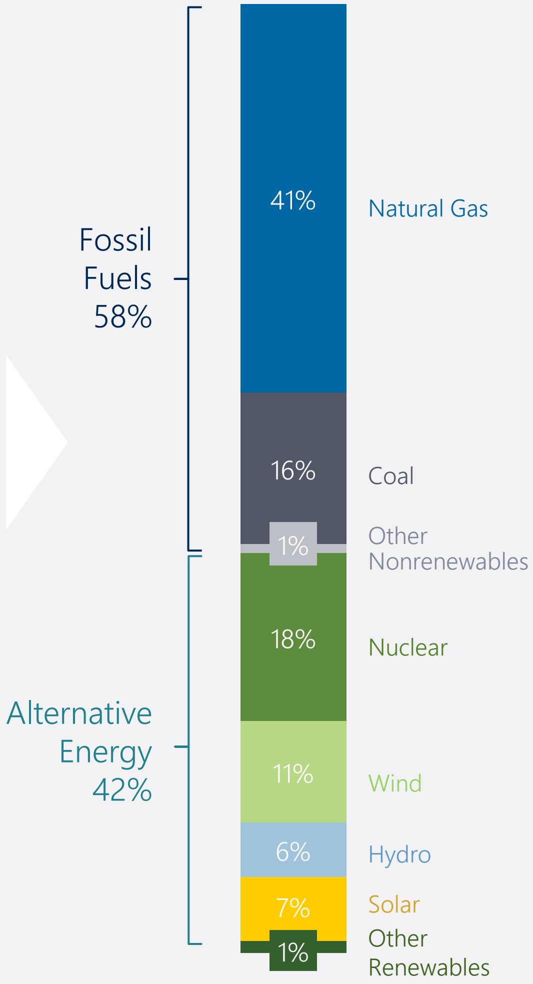
The solar market is showing a distinct split in business models. While high-growth platforms continue to expand aggressively, established industry leaders face a complex landscape defined by potential policy shifts and competitive pressures. This highlights the varying degrees of exposure to regulatory environments within the solar value chain.

U.S. Generation

Historical Annual U.S. Generation by Fuel Type (Million MWh)



Production by Source LTM 4/30/26



Source: U.S. Energy Information Administration.
Notes: As of 4/30/2026. Figures above may not add up to 100% due to rounding. "Other Renewables" includes wood, black liquor, other wood waste, biogenic municipal solid waste, landfill gas, sludge waste, agriculture byproducts, other biomass, geothermal, and hydroelectric pumped storage. "Other Nonrenewables" includes petroleum liquids, petroleum coke, blast furnace gas, manufactured and waste gases derived from fossil fuels, nonbiogenic municipal waste, batteries, hydrogen, purchased steam, sulfur, tire-derived fuel, and other miscellaneous energy sources.

Featured Power, Utilities, and Renewables Transaction Experience

Houlihan Lokey has extensive experience advising on M&A and financings across the power, utilities, and renewables space.

Transaction Pending

Rockland Capital, LP, has agreed to the sale of 100% interest in the 677 MW Lee County Generating Station and the 586 MW Tait Electric Generating Station to Hull Street Energy, LLC

Sellside Advisor

Frontera Energy Center, a 540 MW natural gas-fired combined-cycle power plant in Mission, Texas, has sold a majority stake to Strategic Value Partners

Sellside Advisor

Blackstone has acquired Hill Top Energy Center, a 620 MW gas-fired CCGT in Western Pennsylvania, from Ardian

Buyside Advisor

Potomac Energy Center, a 774 MW natural gas-fired combined cycle power plant in Loudoun County, Virginia, has been acquired by Blackstone

Sellside Advisor

Cricket Valley Energy Center has completed an out-of-court restructuring

Creditor Advisor

Frontera Energy Center, a 540 MW natural-gas-fired combined-cycle power plant in Mission, Texas, has successfully raised a new First Lien Term Loan to refinance its existing debt facilities

Exclusive Placement Agent

Lumio Holdings, Inc. has sold substantially all its assets, pursuant to Section 363 of the U.S. Bankruptcy Code, to Zeo Energy

Company Advisor

RWE has completed the sale of an unsecured claim during the Chapter 11 proceedings of Enviva

Unsecured Creditor Advisor

Olympus Power, LLC has completed the sale of 100% interest in Lanyard Power, a 1.9 GW portfolio of gas-fired peaking assets in PJM, to a private equity investor

Sellside Advisor

Lanyard Power has completed an out-of-court restructuring

Creditor Advisor

Mainstream Renewable Power has completed the restructuring of its 1.4 GW Andes Renovables wind and solar platform via a Judicial Reorganization Proceeding in Chile

Mezzanine Debt Advisor

PG&E Fire Victim Trust

PG&E Fire Victim Trust, a trust created pursuant to the Chapter 11 Plan of Reorganization of PG&E has successfully monetized its equity securities at greater than plan value

Fire Victim Trust Advisor

Atlas Holdings, LLC has completed the sale of 100% interest in the 598 MW Bastrop Energy Partners facility and 257 MW Paris Generation facility, both of which are natural gas-fired CCGT power plants located in Texas, to Hull Street Energy, LLC

Sellside Advisor

Atlas Holdings, LLC has completed the sale of 100% interest in the 310 MW coal-fired Twin Oaks Power Station facility in Texas to Panamint Capital

Sellside Advisor

Newark Energy Center has amended and extended its credit agreement resulting in the sale of the Company

Secured Creditor Advisor

Cube District Energy, a portfolio company of I Squared Capital, has been acquired by Fiera Infrastructure

Sellside Advisor

INGENCO, an affiliate of CCI, has been acquired by Archaea Energy

Sellside Advisor

Maxeon Solar Technologies, Ltd.

7.5% Senior Secured Convertible Notes due 2027

$207,000,000

Exclusive Placement Agent

Salem Harbor Power Development LP has confirmed a Chapter 11 Plan of Reorganization

Company Advisor

Pacific Investment Management Company, LLC has completed an acquisition pursuant to proceedings under the Companies' Creditors Arrangement Act (CCAA) of Just Energy Group, Inc.

Creditor Advisor

EIG Global Energy Partners, LLC has completed the sale of its 50% indirect interest in a 1,740 MW portfolio of two combined cycle natural gas-fired power plants to The Carlyle Group

Sellside Advisor

Project Odyssey

Project Odyssey has completed the sale of a 100% interest in the 600 MW Altura Cogeneration facility and a 50% interest in the 550 MW Cedar Bayou 4 facility, both of which are natural gas-fired CCGT power plants located in Texas, to The Carlyle Group

Sellside Advisor

Coso Geothermal Power Holdings, LLC has been acquired by Atlantica

Sellside Advisor

Macquarie has completed the sale of an undivided interest in Antelope Valley Station Unit 2 to a leading alternative asset manager

Sellside Advisor

Tombstones included herein represent transactions closed from 2017 forward.

Featured Power, Utilities, and Renewables Valuation and Opinion Experience

Houlihan Lokey has advised a variety of stakeholders on dozens of transactions spanning the power, utilities, and renewables sector.

ALLETE has been acquired by Global Infrastructure Partners and CPP Investments

Fairness Opinion

James M. Gavin Power Plant

James M. Gavin Power Plant has been acquired by an investor group led by certain funds managed by ECP

Fairness Opinion

White Oak Global Advisors has sold its equity interests in Atlantic Carbon Group to BUMA International

Fairness Opinion

General Electric has completed the spin-off of GE Vernova

Financial Opinion

Funds managed by Quinbrook Infrastructure Partners have sold certain ownership interests in Gemini solar-plus-storage project and the Valley of Fire Growth Portfolio to a new investment vehicle Gemini Industries

Valuation Opinion

Castlelake has sold Peregrine Energy Solutions and CL Energy Transition Holdings, LLC to AB CarVal

Financial Opinion

Element Markets, LLC, a portfolio company of TPG Capital, L.P., has acquired Bluesource

Fairness Opinion

iSolar, LLC has been acquired by Arcadia Power, Inc.

Fairness Opinion

Funds managed by Kinderhook Industries, LLC, have entered into an agreement to combine Circon Environmental, Chemtron Corporation, and KilnDirect

Fairness Opinion

CS Energy has been acquired by American Securities

Valuation Advisor

Danimer Scientific has merged with Live Oak Acquisition Corp.

Fairness Opinion

PBF Energy has sold five steam methane reformer hydrogen production plants to Air Products

Financial Opinion

Atlas Corp. has acquired APR Energy Limited

Fairness Opinion

Hydrogenics Corporation has been acquired by Cummins, Inc.

Sellside Advisor & Fairness Opinion

Panasonic North America has completed a strategic review of their investment in Coronal Energy

Financial Advisor

GridLiance Holdco, LP, received a goodwill impairment valuation analysis and valuation of management units

Valuation Advisor

Hanwha Q CELLS has been acquired by a wholly owned subsidiary of Hanwha Chemical

Sellside Advisor & Fairness Opinion

JA Solar has been acquired by a consortium led by JA Solar's Chairman & CEO and his affiliated entity of Jinglong Group Co., Ltd.

Sellside Advisor & Fairness Opinion

Hanwha SolarOne has combined with Q CELLS to form Hanwha Q CELLS Co.

Fairness Opinion

Sino Gas has been acquired by a consortium led by Sino Gas' Chairman and CEO, Morgan Stanley Private Equity Asia and Zhongyu Gas Holdings Ltd.

Sellside Advisor & Fairness Opinion

China Hydroelectric Corporation has been acquired by a consortium led by NewQuest Capital Partners

Sellside Advisor & Fairness Opinion

Invenergy Wind Power LLC has completed a term loan financing at its wind power subsidiary

Financial Opinion

Atlantic Power Corporation has completed a conversion from an IPS structure to a traditional common share structure

Financial Opinion

Florida Public Utilities has merged with Chesapeake Utilities Corporation

Financial Advisor & Fairness Opinion

Tombstones included herein represent transactions closed from 2009 forward.

Disclaimer

Houlihan Lokey is a trade name for Houlihan Lokey, Inc., and its subsidiaries and affiliates, which include the following licensed (or, in the case of Singapore, exempt) entities: in (i) the United States: Houlihan Lokey Capital, Inc., an SEC-registered broker-dealer and a member of FINRA (www.finra.org) and SIPC (www.sipc.org) (investment banking services); (ii) Europe: Houlihan Lokey UK Limited (FRN 792919), authorized and regulated by the U.K. Financial Conduct Authority; Houlihan Lokey (Europe) GmbH, authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht); (iii) the United Arab Emirates, Dubai International Financial Centre (Dubai): Houlihan Lokey (MEA Financial Advisory) Ltd., regulated by the Dubai Financial Services Authority; (iv) Singapore: Houlihan Lokey (Singapore) Private Limited, an "exempt corporate finance adviser" able to provide exempt corporate finance advisory services to accredited investors only; (v) Hong Kong SAR: Houlihan Lokey (China) Limited, licensed in Hong Kong by the Securities and Futures Commission to conduct Type 1, 4, and 6 regulated activities to professional investors only; (vi) India: Houlihan Lokey Advisory (India) Private Limited, registered as an investment adviser with the Securities and Exchange Board of India (registration number INA000001217); and (vii) Australia: Houlihan Lokey (Australia) Pty Limited (ABN 74 601 825 227), a company incorporated in Australia and licensed by the Australian Securities and Investments Commission (AFSL number 474953) in respect of financial services provided to wholesale clients only. In the United Kingdom, European Economic Area (EEA), Dubai, Singapore, Hong Kong, India, and Australia, this communication is directed to intended recipients, including actual or potential professional clients (UK, EEA, and Dubai), accredited investors (Singapore), professional investors (Hong Kong), and wholesale clients (Australia), respectively. No entity affiliated with Houlihan Lokey, Inc., provides banking or securities brokerage services, nor is any such affiliate subject to FINMA supervision in Switzerland or similar regulatory authorities regarding such activities in other jurisdictions. Other persons, such as retail clients, are NOT the intended recipients of our communications or services and should not act upon this communication.

Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change. Any forward-looking information and statements contained herein are subject to various risks and uncertainties, many of which are difficult to predict, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. In addition, past performance should not be taken as an indication or guarantee of future performance, and information contained herein may be subject to variation as a result of currency fluctuations. Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material. The views expressed in this material accurately reflect the personal views of the authors regarding the subject securities and issuers and do not necessarily coincide with those of Houlihan Lokey. Officers, directors, and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This presentation does not constitute advice or a recommendation, offer, or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide financial or related services to these companies. Like all Houlihan Lokey employees, the authors of this presentation receive compensation that is affected by overall firm profitability.

Corporate Finance

Financial Restructuring

Financial and Valuation Advisory

HL.com