

Summer 2026

ENERGY INDUSTRY UPDATE



Executive Q&A

1. What is the defining issue facing utility executives today?

Answer:

Utilities must convert generational load growth into sustainable investment and earnings opportunities without compromising reliability, affordability, or regulatory support. Load growth—including data centers, advanced manufacturing, and electrification—is driving major changes to generation, transmission, and distribution plans. The central challenge is no longer whether demand is growing, but how quickly utilities can execute the required capital programs while managing cost and risk.

2. What will differentiate utilities in the speed-to-power race?

Answer:

Execution capability will be a strategic differentiator. Leading utilities will secure scarce equipment and labor earlier, streamline planning and approvals, and manage major infrastructure programs as integrated portfolios rather than isolated projects. Standardized designs, framework agreements, advance commitments, pooled inventories, and strategic supplier and EPC relationships can improve schedule certainty and reduce exposure to price volatility.

3. How are utilities balancing growth in capital investment with affordability?

Answer:

Utilities are pursuing operational efficiencies, large-load tariffs, electric service agreements, and regulatory mechanisms that align cost recovery with accelerated investment. The objective is to ensure that customers bear an appropriate share of the infrastructure costs required to serve them while preserving affordability for all customers. Proactive regulatory engagement and transparent cost of service analysis will continue to be important as rate case activity continues apace.

4. How should nuclear power factor into long-term resource strategy?

Answer:

Nuclear remains a strategic option for firm, dispatchable, non-emitting power. Nearer-term opportunities include plant restarts, license extensions, and uprates, while advanced reactors (including large-scale units) and SMRs may provide longer-term capacity. Hyperscaler and other investor commitments are helping advance selected technologies, but timing, construction risk, cost, fuel availability, and regulatory execution remain material considerations, with many advanced projects unlikely to operate before 2030.

5. What are the principal drivers of continuing increases in electricity costs?

Answer:

While much current discussion focuses on the impact of large loads, some recent reports characterize increasing retail costs as a regional and infrastructure-driven issue rather than a single national phenomenon. Key drivers include transmission and distribution investment, aging asset replacement, resilience and grid-hardening programs, fuel and wholesale-market volatility, storm and wildfire costs, and state-specific policy choices. Generalized affordability narratives are less helpful, and stakeholders should evaluate cost pressures at the jurisdiction, utility, and customer-segment level.

6. What should U.S. system operators and utility leaders take from the Iberian blackout?

Answer:

The event underscores the need for faster, more visible, and more controllable voltage support in systems with high levels of inverter-based resources. The Iberian system possessed reactive-power capability, but it was not sufficiently dynamic, observable, or effectively deployed. High inverter-based resource environments require new tools and models, increased visibility into local systems, and increased resource flexibility.