GENERATE

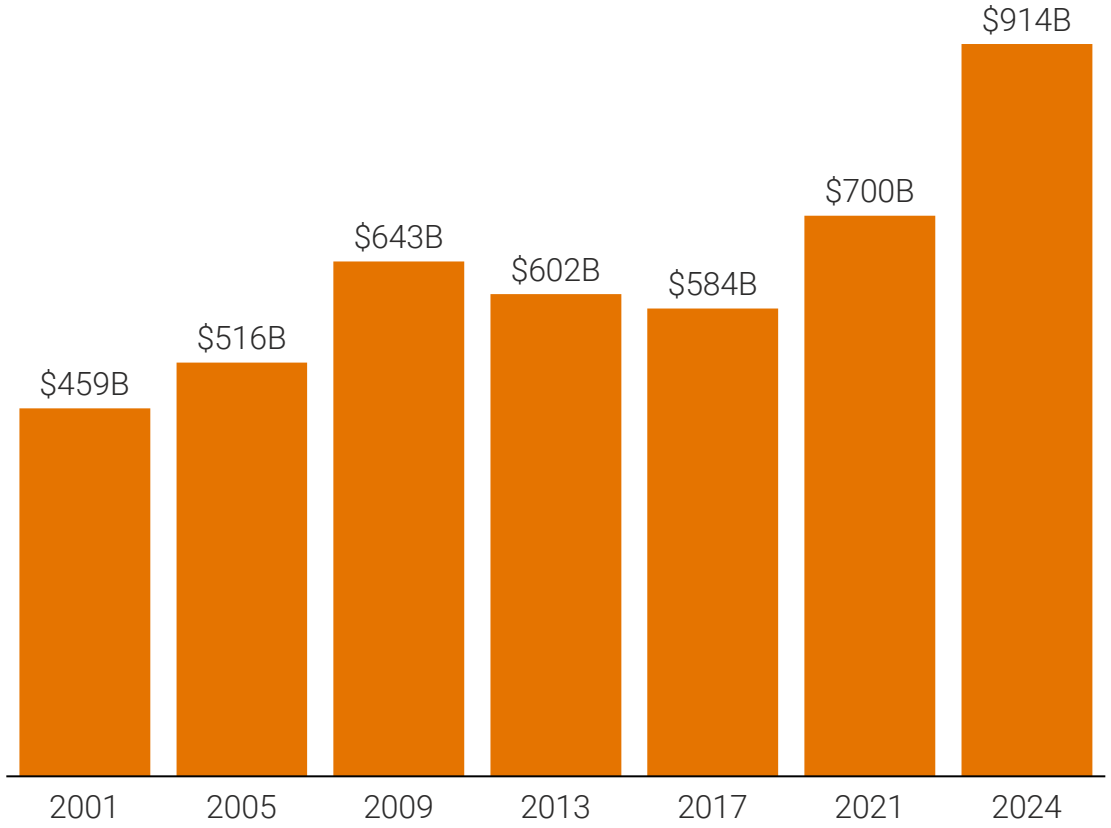
Investing in US Infrastructure for a Decade of Demand

April 30, 2025

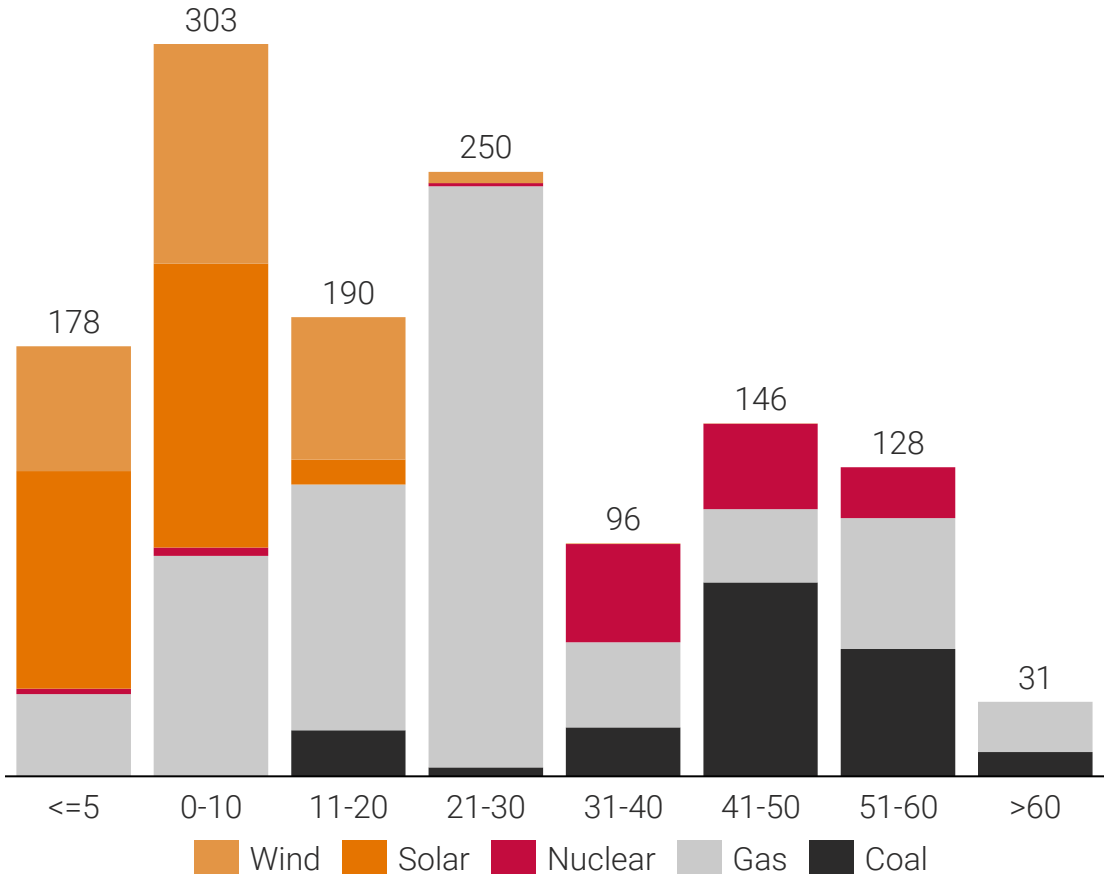
US infrastructure is ageing and crumbling. We need to invest in new infrastructure to keep pace with demand growth, and to replace retiring assets.

In the 2025 Report Card for America's Infrastructure, the ASCE estimates US infrastructure needs a total of $9.1 trillion from 2024 to 2033 to reach a state of good repair. This leaves a gap of $3.7 trillion in investments for America's infrastructure if we keep investing at current funding levels. If federal spending declines from recent levels, that gap would increase significantly.

ANNUALIZED COST TO IMPROVE AMERICA'S INFRASTRUCTURE[1]



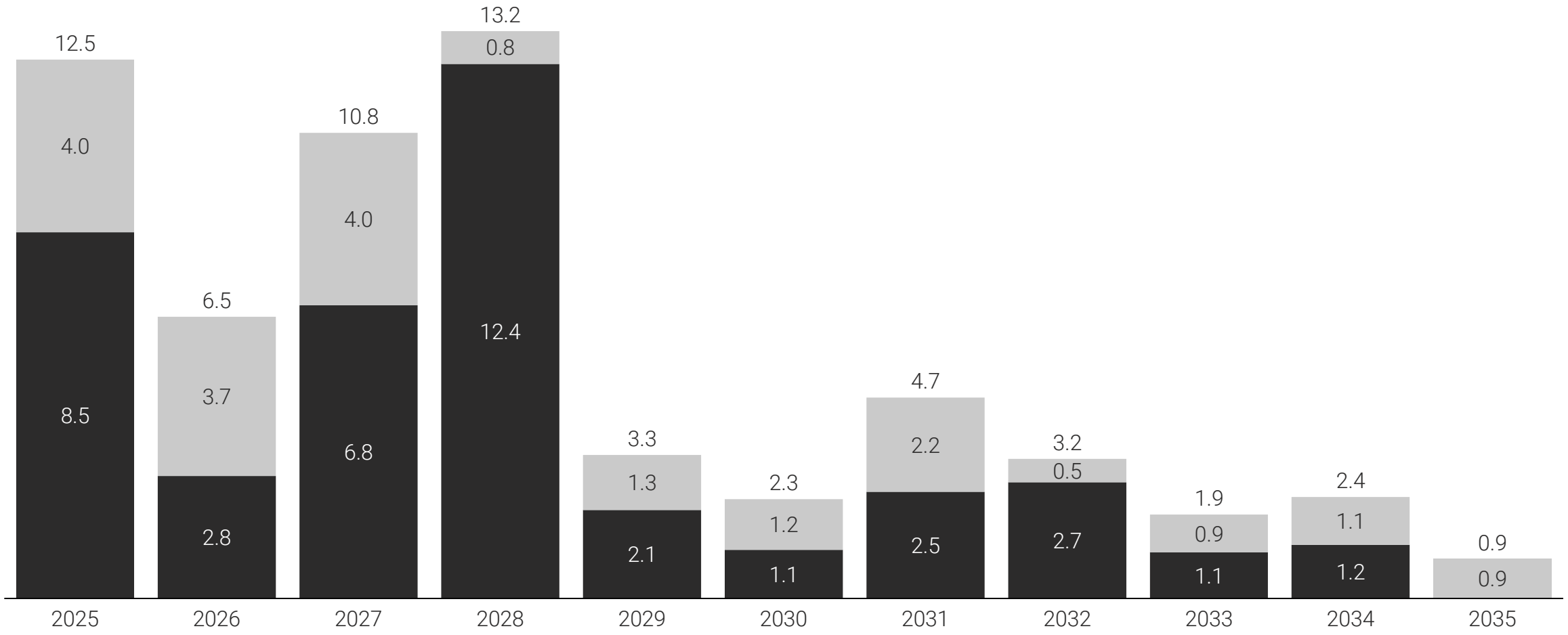
AGE OF US OPERATING GENERATORS (GW)



[1] ASCE Infrastructure Report Card. X-axis based on report card year. Total "cost to improve" data has been annualized and adjusted to 2024 dollars based on the report card issue year to allow a comparison across reports. I.e. The 2024 figure is the amount required each year until 2033.

Significant investment in new power generation capacity is required to simply replace the existing and ageing US power infrastructure.

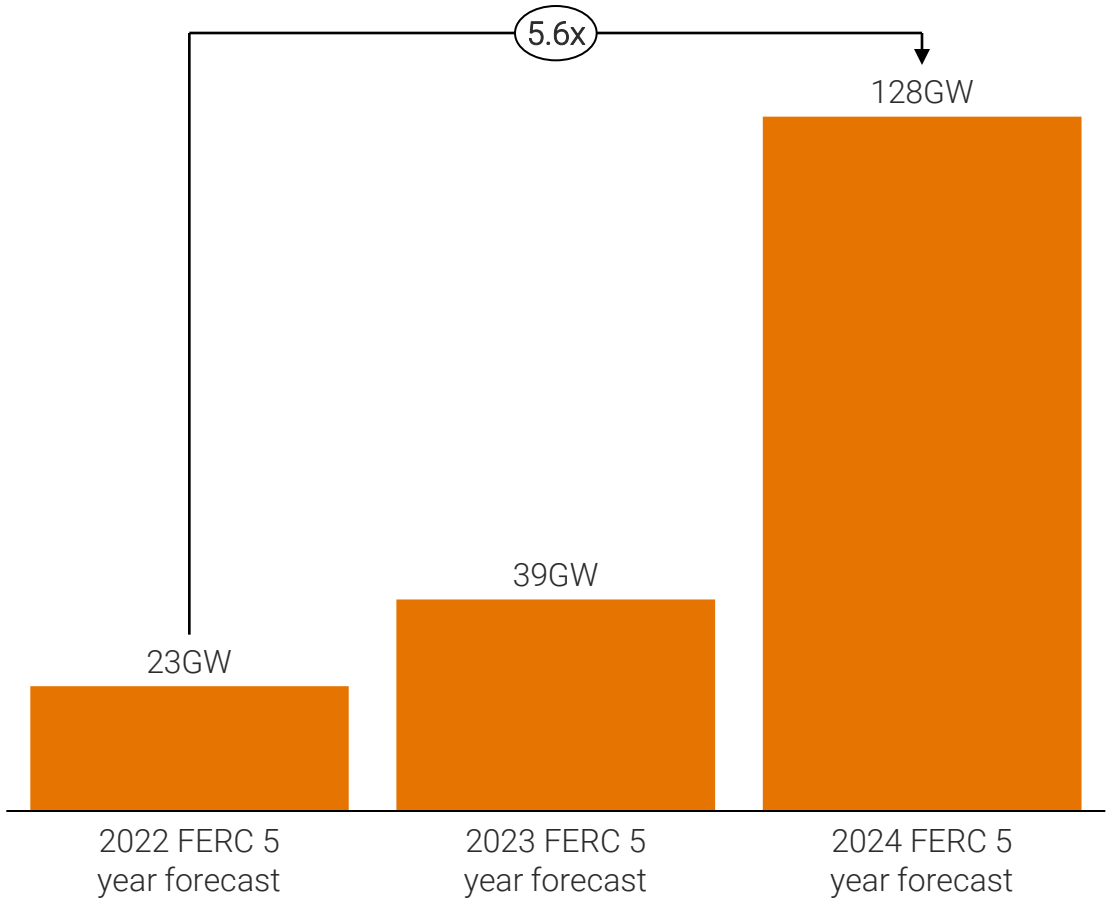
US PLANNED COAL AND GAS GENERATION RETIREMENTS (GW)



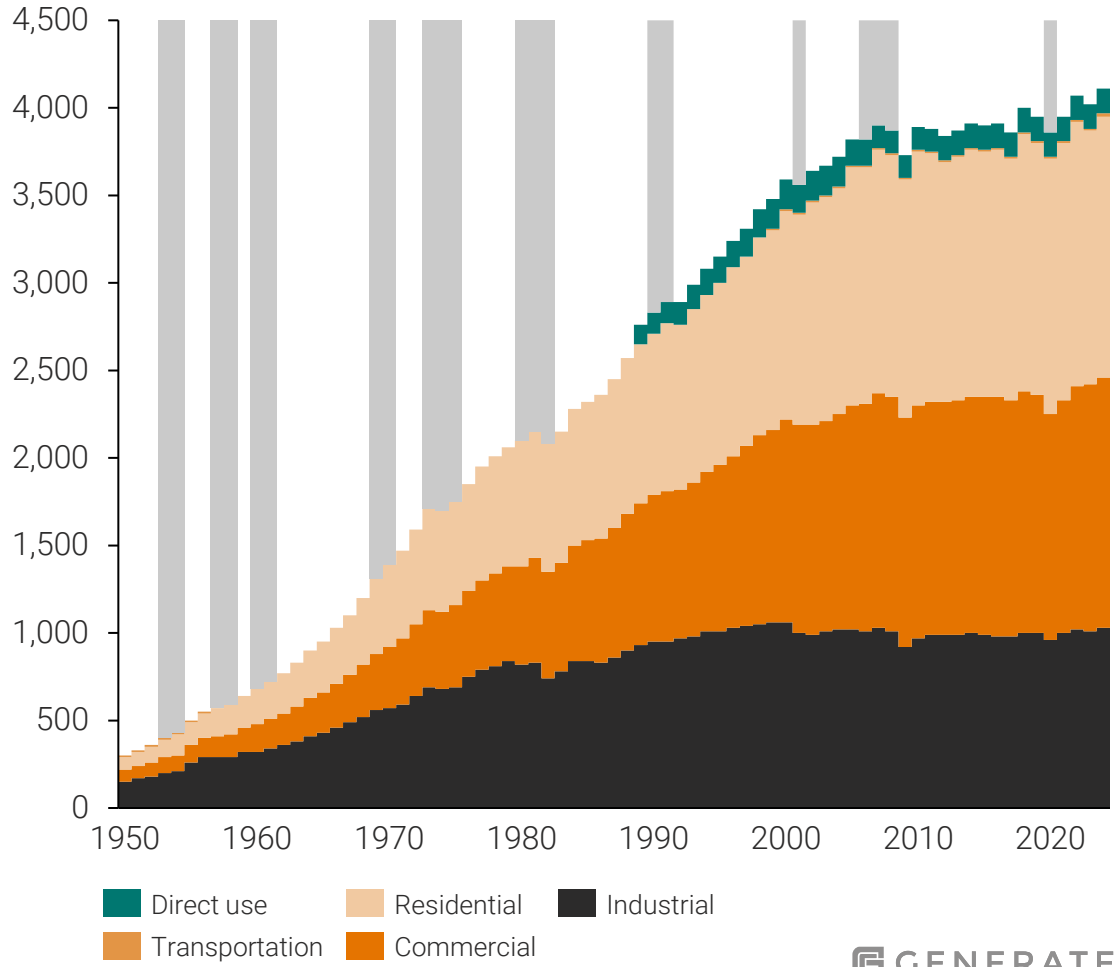
 Source: EIA. Note: Retirements and operating assets as of February 2025. Status includes all assets on "Operating" tab regardless of sub-status.

Load growth is growing rapidly and is resilient to economic downturns. The main drivers of recent US load growth are investment in data centers and manufacturing.

5-YEAR US NATIONWIDE GROWTH FORECAST[1]



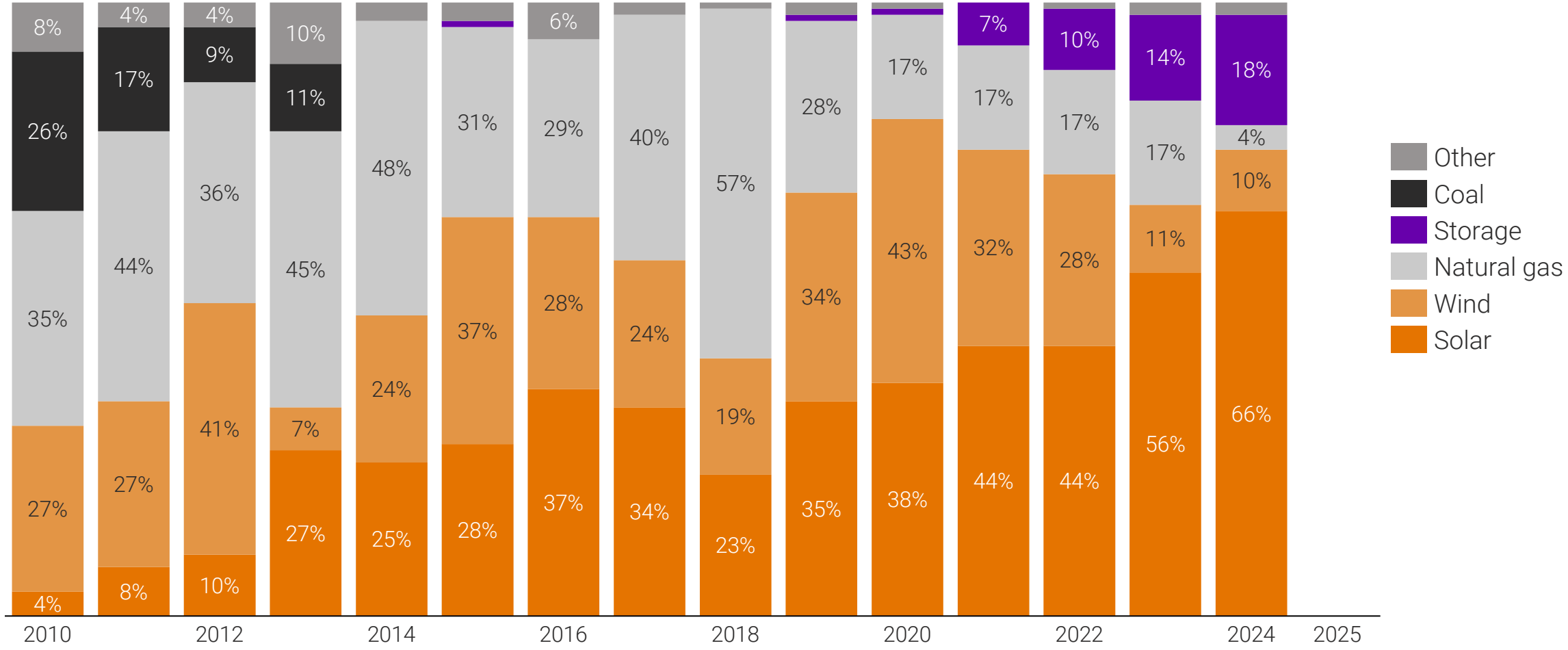
US ELECTRICITY RETAIL SALES (TWh), AND US RECESSIONS



[1] Source: Grid Strategies December 2024 Load Growth Report. 2 Source: EIA Monthly Energy Review, National Bureau of Economic Research. Note: A recession year indicates the country was in recession for at least part of that year. EV electricity consumption is grouped into transportation even though the EIA lists this separately.

Over the past 15 years, gas has been the majority of new power capacity additions in only one year. The structural factors that constrained its growth within this band remain largely unchanged. Renewables and storage are essential to meeting demand in the near- and medium-term.

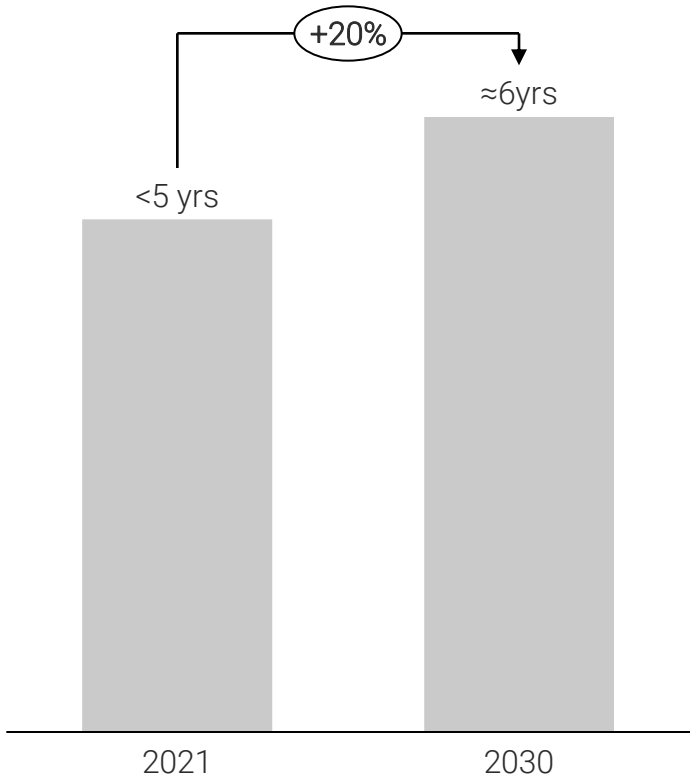
NEW US ELECTRICITY GENERATION CAPACITY ADDITIONS



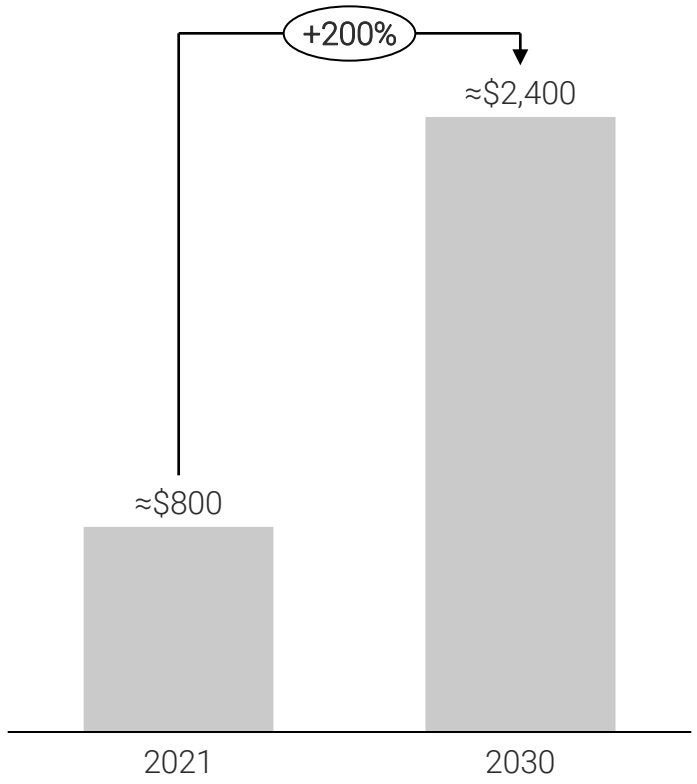
Source: Wood Mackenzie; Note: Starting with the Q2 2024 report, capacity additions for solar, wind, and storage are sourced from Wood Mackenzie data while all other technologies are sourced from the US Energy Information Administration.

Gas is becoming more expensive, plants are taking longer to build, they have relatively poor interconnection queue positions, and new pipelines can further delay

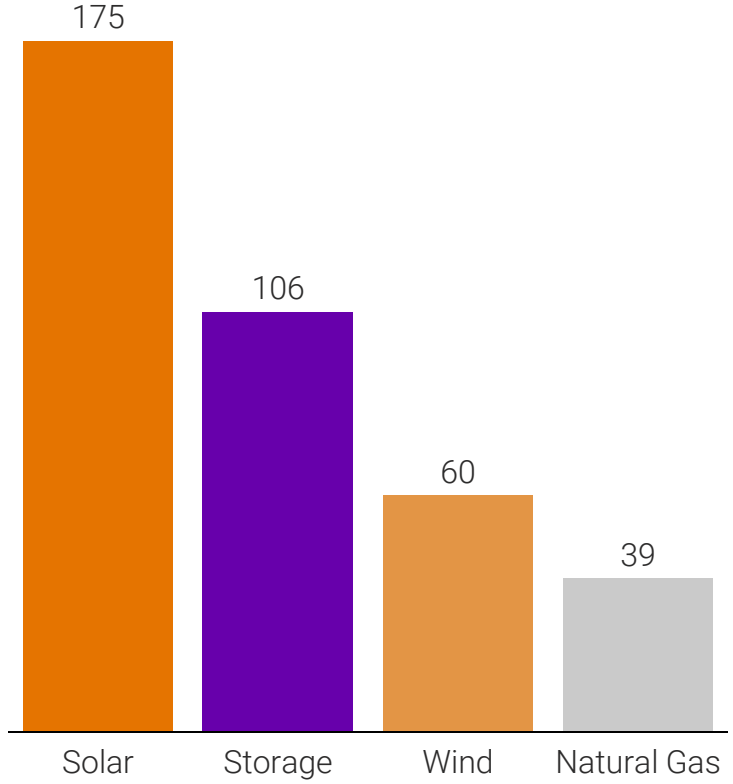
NEW NATURAL GAS COMBINED CYCLE BUILD TIME[1]



NEW NATURAL GAS COMBINED CYCLE CAPEX ($/KW)[1]



US LATE-STAGE INTERCONNECTION QUEUE (GW)

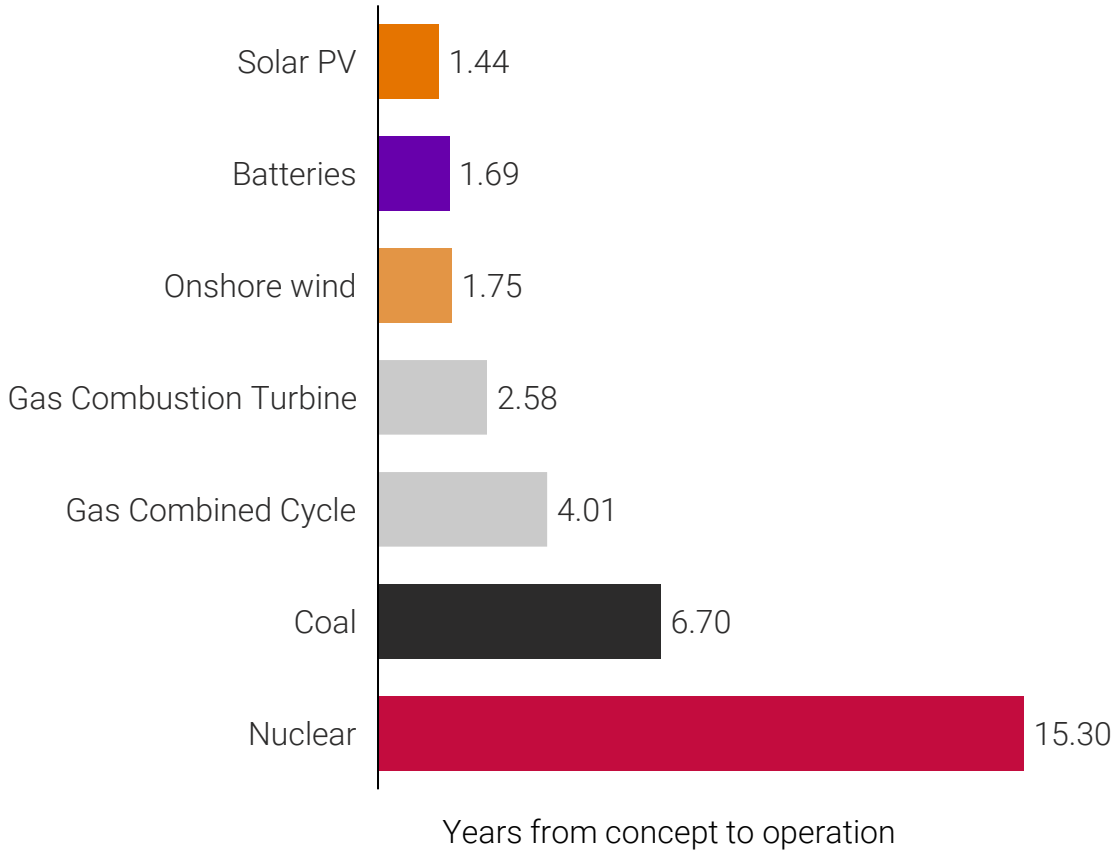


 Source: [1] NEE Company documents and filings, Jefferies. [3] Orennia. Note: Late stage defined here as in construction or IA executed.

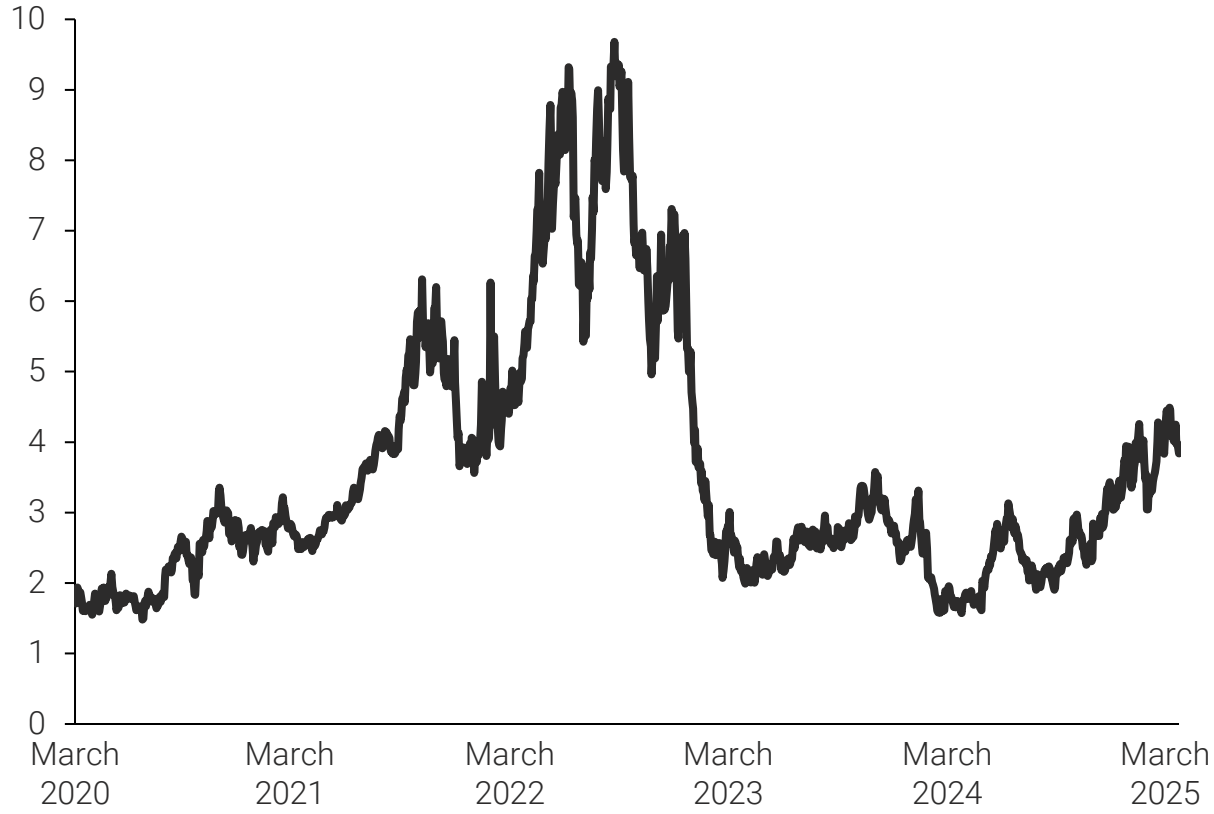
Solar and storage are the fastest technologies to develop and deploy, and they shield buyers from variable natural gas prices

Alongside the time to deploy, gas plants also must be located near existing major gas pipelines, which have their own development and construction challenges.

AVERAGE US POWER PLANT DEVELOPMENT TIMELINE (YEARS)



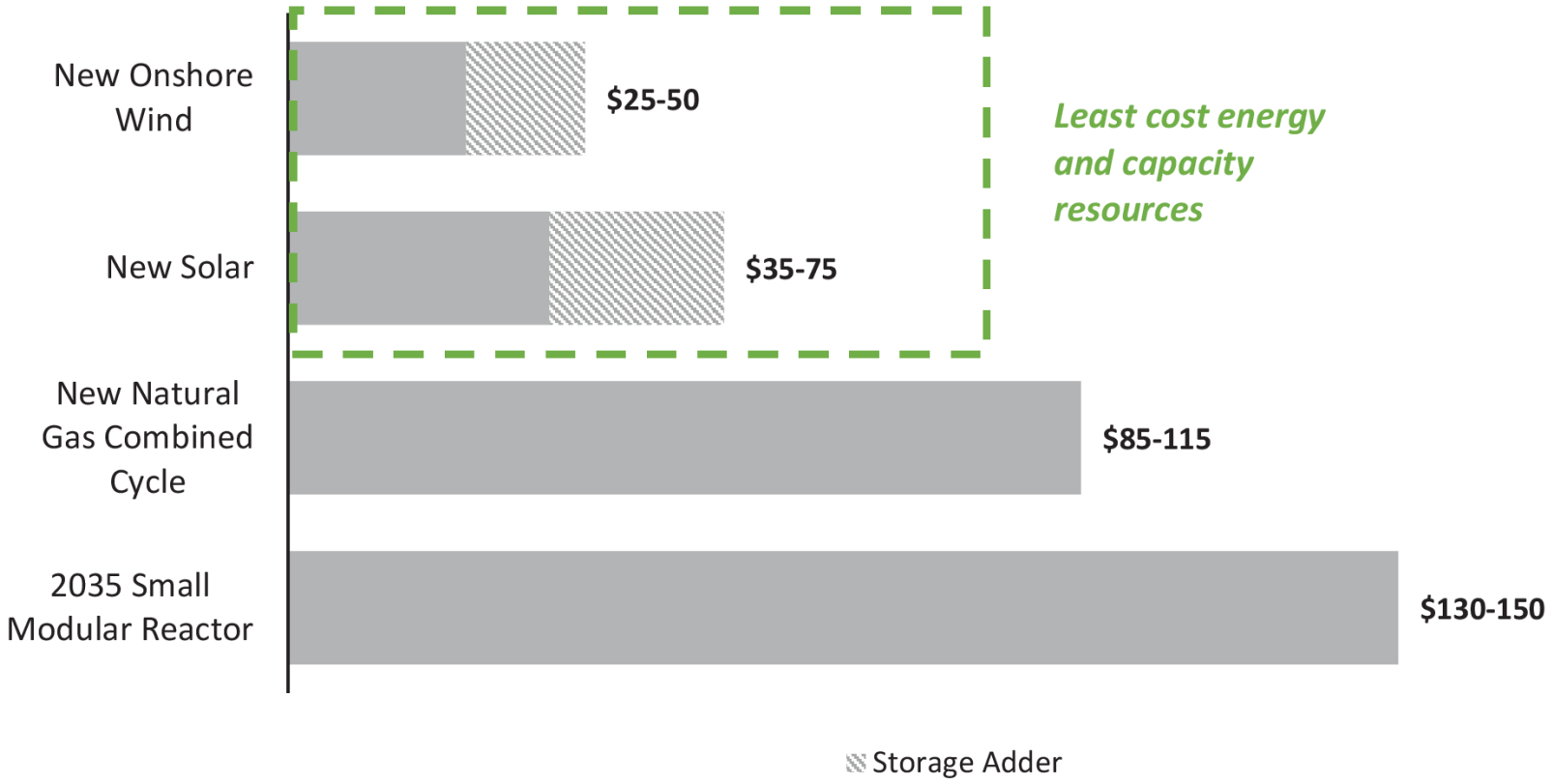
HENRY HUB NATURAL GAS PRICE ($/MMBU)



Source: SEIA analysis of EIA Form 860M data for plants that have started reporting to EIA prior to seeking regulatory approval and plants which have reached operating status. • Due to the low number of coal and nuclear plants developed over the past decade, additional desk research provided supplemental data for the last 3 nuclear facilities to come online and for all coal facilities commissioned since 2010.

We may have started installing solar 20 years ago because of the sustainability attributes to the technology, but it's here to stay because of its simplicity, speed to power, cost competitiveness, and flexibility in pairing with other power system assets.

ESTIMATED COSTS OF FIRMED GENERATION RESOURCES, 2030 ($/MWH)[1]

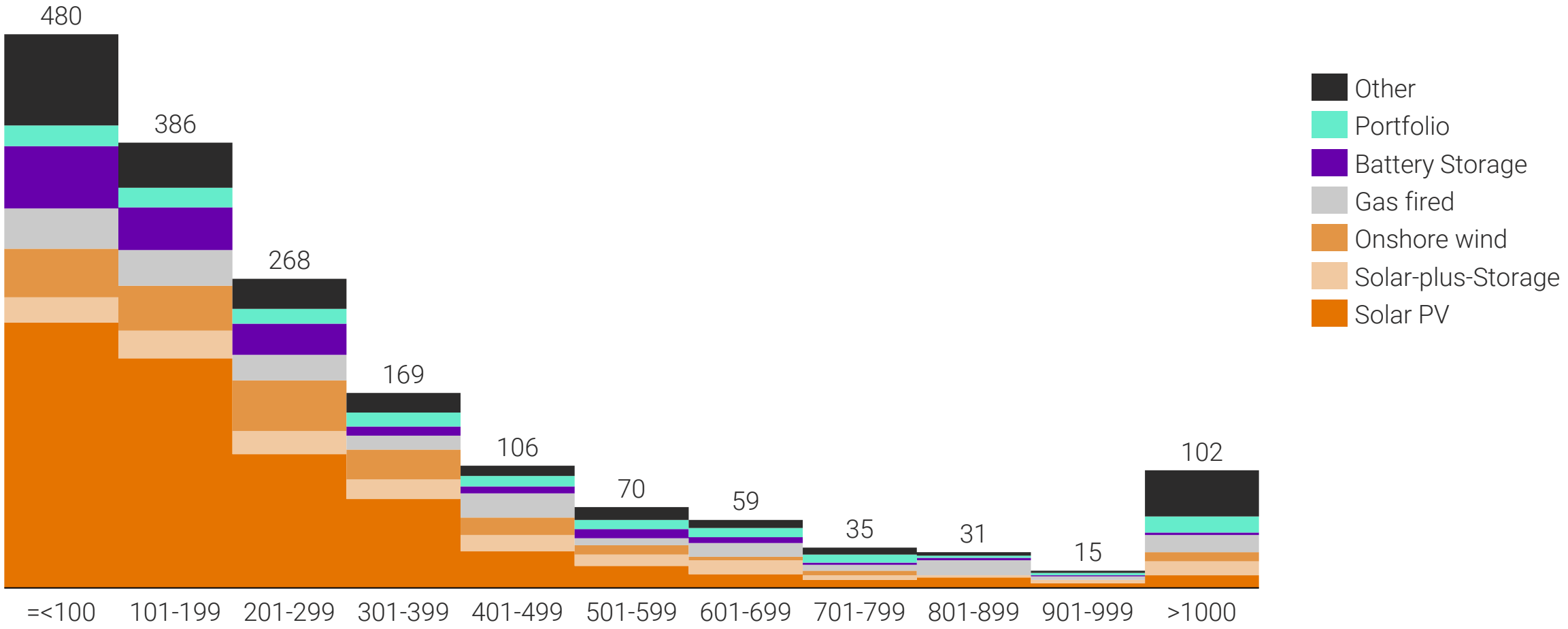


The Levelized Cost of Energy (LCOE) is a method to compare the cost of generating electricity from different technologies, including renewable and fossil sources. It provides a way to evaluate the overall cost of an energy project over its entire lifetime, including all costs associated with capital, operations, maintenance, and fuel.

[1] Source: NEE Company documents and filings, WoodMac. This shows the levelized cost of electricity as of December 2024 adjusted for renewable energy credits. Natural gas combined cycle shows LCOE adjusted for 2030 internal NEE capital expenditure estimate and higher utilization for lower end of the range.

Deal flow from 2020 to 2024 highlights the shift toward a more distributed power system, with 66% of completed US transactions under $300 million in size

COUNT OF US POWER, RENEWABLES AND ENVIRONMENT TRANSACTIONS AT FINANCIAL CLOSE FROM 2020-24

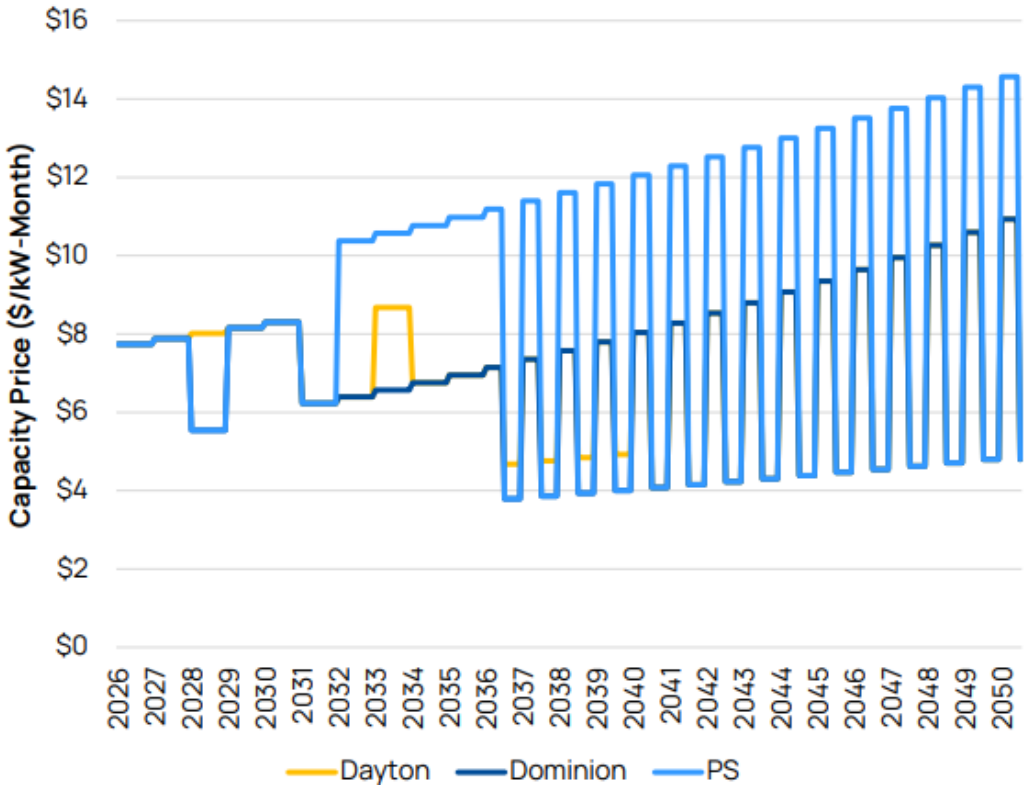


 Source: Infralogic. Note: Only counts transactions with a disclosed deal value. Grouped by deal size on x-axis, with data labels showing the count.

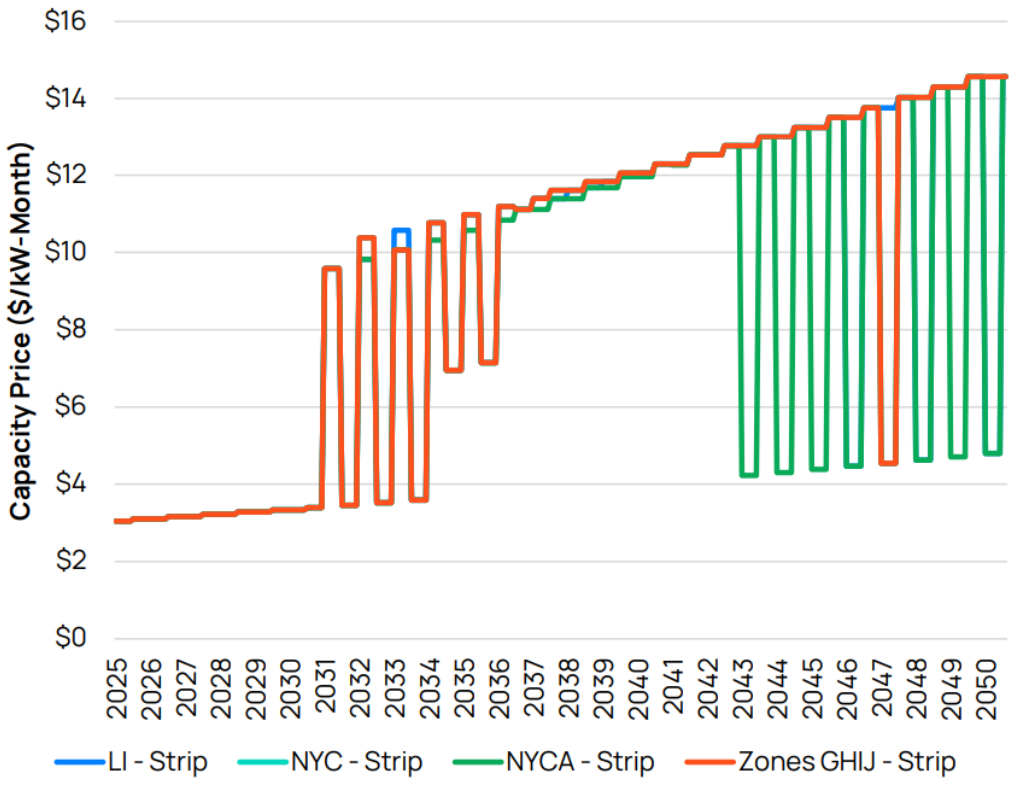
Distributed generation provides some shelter from electricity and capacity prices

New generation is forecast to struggle to keep up with thermal retirements and load growth leading to higher capacity prices. Distributed generation benefits since part of their compensation typically includes generating bill credits equivalent to the local utility's residential or small commercial supply rate.

PJM CAPACITY PRICES BY ZONE



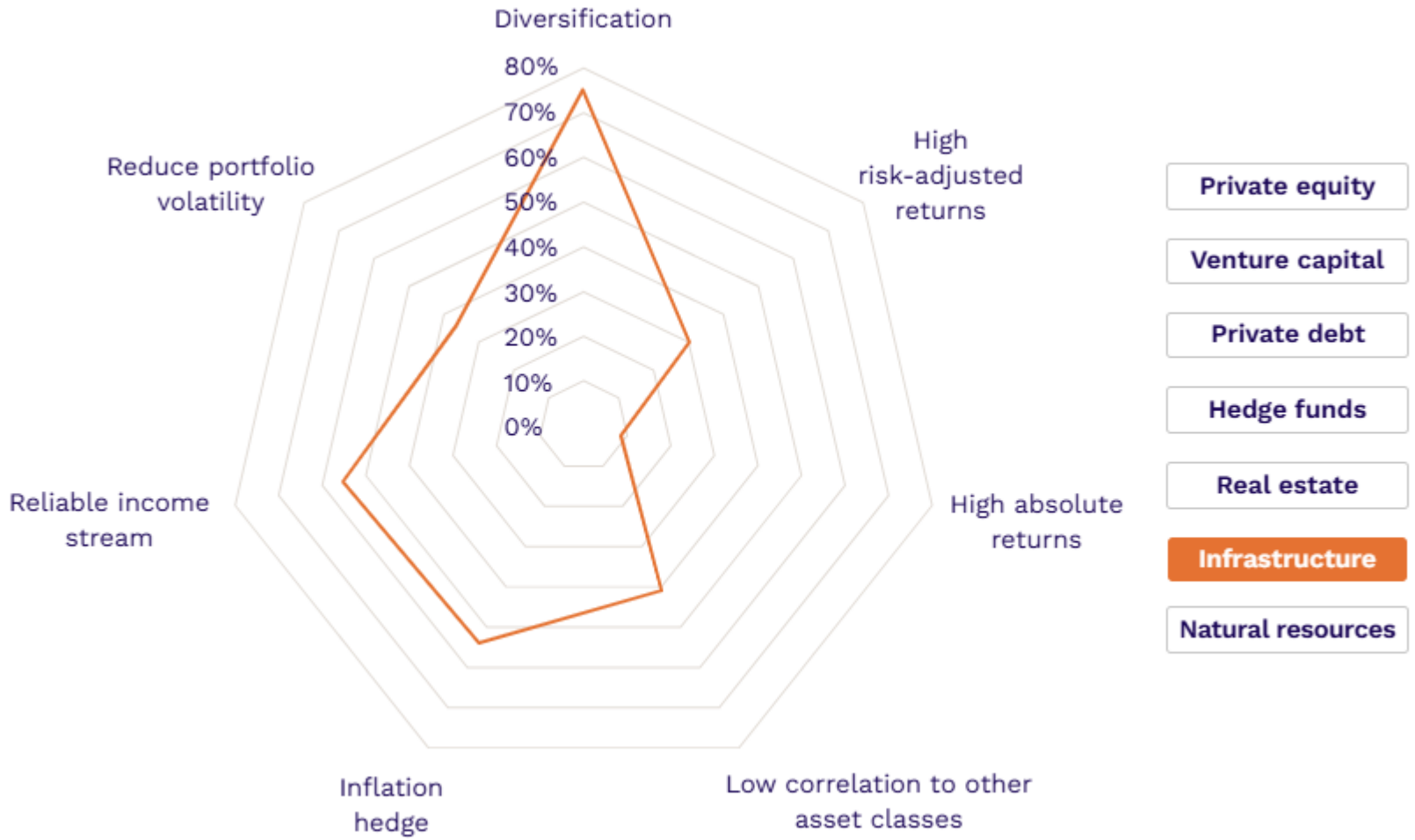
NYISO CAPACITY PRICES BY ZONE



 Source: Orennia Demand Resurgence scenario.

Infrastructure investments can also act as a hedge against inflation: the revenue infrastructure generates, such as from utility payments, typically rises in line with or above inflation

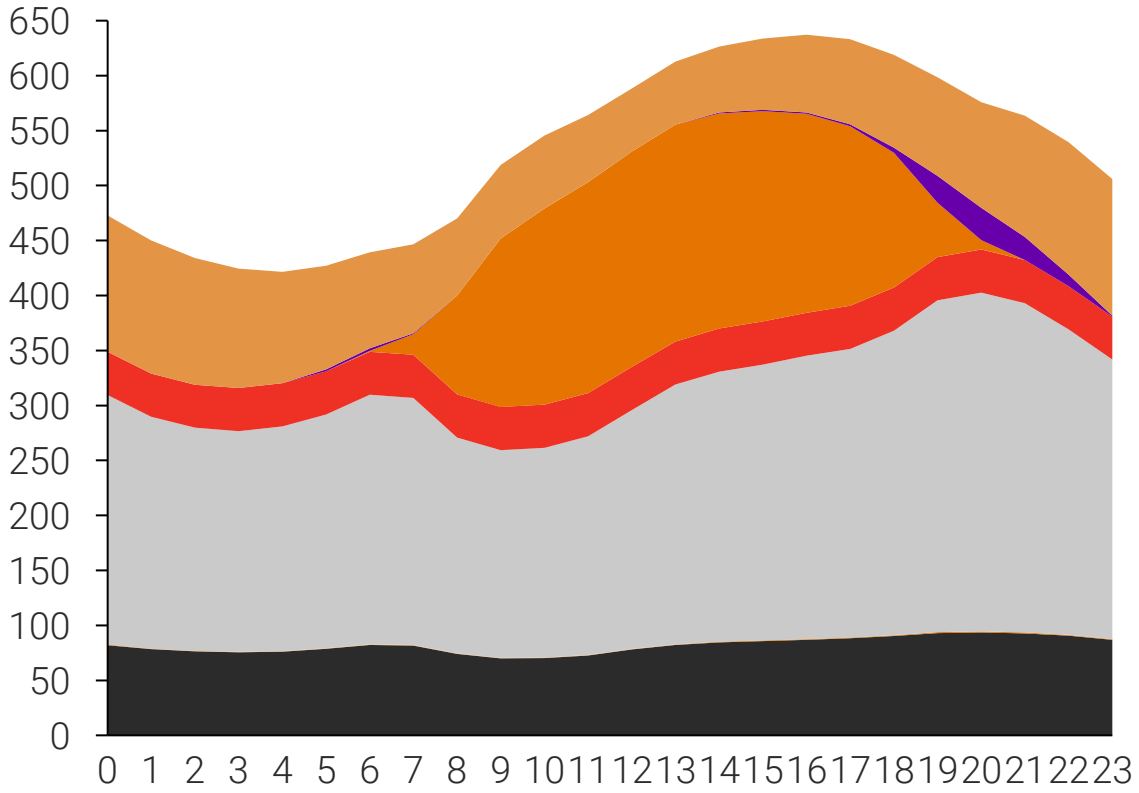
INSTITUTIONAL INVESTORS' MAIN REASONS FOR INVESTING IN ALTERNATIVE ASSETS



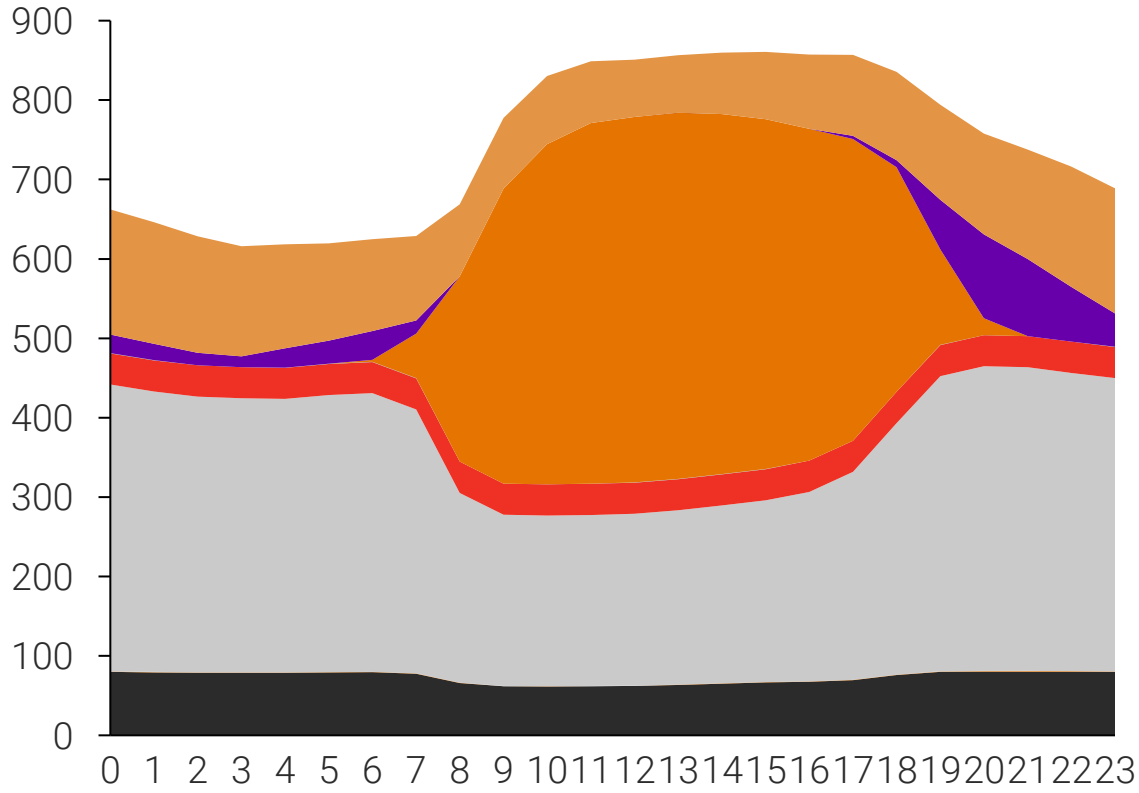
 Source: Preqin

Technology choices are often framed as a set of binary, simple choices. In contrast, real-world power system modeling reveals a complex interplay of factors and inputs. This consistently shows that high levels of renewable energy and battery storage alongside natural gas minimizes overall system-level costs.

AVERAGE HOURLY GENERATION IN ERCOT DURING SUMMER, 2025 (GWH)



AVERAGE HOURLY GENERATION IN ERCOT DURING SUMMER, 2030 (GWH)



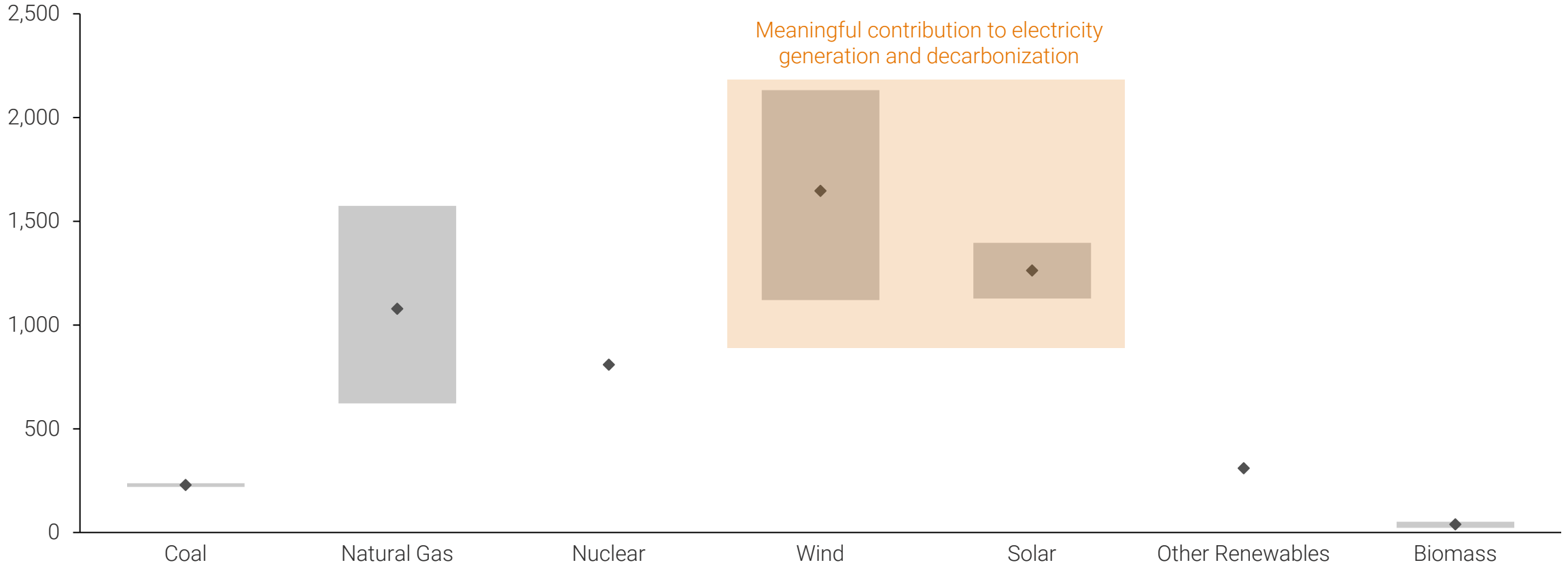
Coal Hydro Landfill Natural Gas Nuclear Other Solar Storage Wind

 Source: Orennia. Note: Summer months set as June 1 to September 30

Load growth creates a tailwind for emerging technologies, but experienced operators using commercially proven, bankable solutions will supply the bulk of new power.

Neither geothermal nor advanced nuclear will be meaningful contributors to US power sector decarbonization this decade, leaving wind and solar (enabled by energy storage) as the main forces.[1] Successfully bringing renewables plus energy storage online benefits from development and operating experience as well as trusted relationships with customers.

US ELECTRICITY GENERATION BY FUEL in 2035 (BILLION KWH)[2]



[1] Based on the DOE commercial liftoff reports for geothermal and advanced nuclear. The US Department of Energy estimate that 2-5GW of geothermal could come online by 2030 if the market achieves commercial liftoff. [2] Rhodium Group 2024 Taking Stock Baseline.

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