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Market Trends: American Power at a Crossroads

June 12, 2025

Keeping energy costs low while powering American economic competitiveness

We have a once in a generation opportunity to build the foundation for American economic security through securing victory in the AI arms race while keeping energy prices low for American families.

THE MARKET PROMISE

- America's aging grid faces a \$3.7 trillion funding gap.¹ Significant investment in new power generation capacity is required to simply replace the existing and aging US power infrastructure.
- Establishing the United States as a global leader in the AI revolution while also ensuring economic prosperity for all Americans requires us to build more power infrastructure, more quickly, in more places, than we have in over 4 decades.
- The key attributes of a modern energy system that delivers these outcomes while being reliable, secure, and affordable, are:
 - **A comprehensive energy mix**, reflecting flexibility in design, technology integration, and size, to meet different needs;
 - Speed to power; and
 - Economic project costs to keep electricity prices low.
- This moment requires us to build what is available to address the rapidly increasing needs of the country to compete.

CONGRESS' OPPORTUNITY

- Congress must seize the opportunity to design policies centered on what developers and investors need to power communities and businesses, ensuring Americans can share in the economic opportunities created by this increasing need for energy. This requires:
 - 1. **Transparent and precise guidance around FEOC:** Securing domestic competitiveness and supply-chain sovereignty starts with sourcing America's energy from U.S. industries, but building domestic manufacturing hubs and adjusting supply chains will take several years. Tax credits that prohibit the sourcing of components from available supply chains when no alternatives exist undermine our manufacturing goals, while making power price hikes for Americans more likely.
 - 2. Incentives that reflect development timelines Congress should revert to established tax precedent and tie credit eligibility to the "commence construction" date, with a safe harbor of at least four years.
 - 3. Ability to efficiently maximize uptake Transferability streamlines the investment process and facilitates the accelerated build out of new power projects to meet accelerating demand while allowing small businesses to participate in energy dominance.

Current legislative text will cause uncertainty, price hikes, and slow growth

Affordable, reliable electricity is the backbone of American competitiveness. Current legislative text will drive up electricity prices, deter investment in US based manufacturing and data centers, and endanger reliability on the grid.

| NEAF | R-TERM IMPLICATIONS IF CONGRESS FAILS TO ACT | | LONGER-TERM IMPLICATIONS & MARKET DYNAMICS |
|---|--|--------------|---|
| • The currently le exacerbating a | e currently legislative text will lead to significant power project cancellations, acerbating a supply shortage at a time when power demand is rising rapidly. | | Power demand is projected to rise at 3% per year. A full halt to renewable energy additions from 2028 onwards would result in near-zero reserve margins by 2029 and |
| • FEOC guidance manufacturers in US power, wh | e: The current ambiguity will paralyze the industry since neither s nor developers can demonstrate compliance. <i>This will stall investment</i> <i>hile also failing to enable US manufacturing investments</i> . | • | Increasingly negative thereafter. S&P estimates that wind, solar and battery storage installations would decline by 13- 15% by 2035 relative to a Q4 2024 outlook under the proposed rules. |
| Development til commonly und | melines: <i>Developers will struggle to finance new projects</i> if the erstood "commence construction" standard is removed and incentives | • A t far | A tighter supply–demand balance will drive up power prices nationwide for American families, in some regions that means an increase of over 20% on today's electric bills. |
| sunset too quic • Intercor forward | μισκιν: connection queues remain congested which limits the ability to pull ard demand; | • | The removal of the ITC / PTC will similarly put upward pressure on power prices for companies. Goldman Sachs estimates that power purchase prices (PPA) for a generic US wind or solar project would need to increase ≈25% to offset the loss of the |
| Develop makes i | pers do not control when a project is placed in service (PIS) which it highly risky to pursue, with a hard 2028 deadline; | | ITC. Generate Capital analysis on utility-scale solar projects in New York or Texas shows the required increase would be closer to \approx 45%. |
| Unless develop total en | Unless power equipment is already in the US and can be inspected, many developers will be unable to "commence construction" by incurring 5% of the total energy project spend without also taking on risk of issues associated with the equipment. | • | For American businesses, electricity bills will increase by about 10% by 2026 if the current language becomes law. The economy would suffer as power costs and shortages hamper growth, adding to recessionary pressures. ¹ |
| with the | | • | Service providers such as EPCs are going to decrease costs to stay in business, and developers are likely to accept lower returns to secure capital and continue operating. |
| total tax equity credits, push up businesses tha a less reliable g | market. Removing transferability would shrink the market size for tax o transaction costs, and limit the number and type of American t benefit from the legislation. <i>That will lead to higher power prices and</i> <i>rid.</i> | • | The current legislative text will deter further investment in US domestic manufacturing, further cementing China's dominance across the industry. Instead of safeguarding U.S. supply chain independence, it will lead to permanent structural disadvantages. |
| • Smaller, less ca safe harbor the | apitalized developers will struggle since they can often not afford to Fir equipment; and can ill afford to slow development. | | |
| 3 | ¹ NERA Economic Consulting, CEBA. ² Crux | | GENERAT |

U.S. INFRASTRUCTURE OPPORTUNITY

America's aging infrastructure faces a \$3.7 trillion funding gap. Distributed solar and storage is the fastest, cheapest way to fill it, unlocking a massive opportunity

U.S. infrastructure is aging and crumbling. We believe that the U.S. must 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 U.S. required infrastructure needs total \$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 INFRASTRUCTURE¹

AGE OF U.S. 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.

Peak electricity demand in the US is rising rapidly, which creates a need for new power supply



U.S. PEAK ELECTRICITY DEMAND (ANNUAL GW)

Customers need power. Renewables, batteries and gas are the way we've been delivering it for the last ten years.



AVERAGE US ANNUAL LOAD GROWTH, TOP GENERATION CAPACITY ADDITIONS PER DECADE

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Source: Grid Strategies December 2024 Load Growth Report, Federal Energy Regulatory Commission ("FERC"). 2020-23 estimate based on final electricity consumption by sector and capacity outlook from BloombergNEF

Solar, wind and batteries contributed 94% of new capacity additions in the US last year



NEW US ELECTRICITY GENERATION CAPACITY ADDITIONS (GW)

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

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



Years from concept to operation

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.

Gas costs are rising, plants are taking longer to build, and projects sit at the back of the interconnection queue



1. Source: NEE Company documents and filings, Jefferies. 2. Source: Orennia. Note: Late stage defined here as in construction or IA executed.

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Renewable energy installations are required to keep up with demand

A Goldman Sachs June 2025 scenario shows that US reserve margins could be near zero by 2029, and increasingly negative thereafter if renewable energy installations cease from 2028 onwards. This suggests that a full halt to RES development is implausible.

US RESERVE MARGINS IN BASE SCENARIO AND IN OUR SIMULATION, 2024-32E (PERCENTAGE)



Natural gas capacity additions will increase from recent levels but the gas industry and broader supply chain is not set up to scale to fully displace renewable capacity additions



Solar is here to stay because of its simplicity, its cost competitiveness, and because it helps meet customer demand quickly



Source: NextEra Energy

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The average American household will see their bills increase by 7% in 2026, with some facing increases as high as 21.3%. American businesses will face increases as high as 31%.





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The US is racing to establish its global leadership in AI. A lack of access to reliable and affordable power undermines this effort.



NUMBER OF FRONTIER MODELS BY COUNTRY

It's not just data centers that need power. By March 2025, U.S. manufacturing construction spending had climbed to \$230 billion, all of which will demand vast quantities of power.

TOTAL CONSTRUCTION SPENDING: MANUFACTURING IN THE US (\$B)



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