

— MAY 2026



# 2026 ENERGY OUTLOOK REPORT

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Where investment and valuation are heading.

Valuation Consulting | Transaction Advisory | Litigation Support

## INTRODUCTION



# JOHN GERAGHTY

**NATIONAL PRACTICE LEADER | ENERGY & INFRASTRUCTURE | MARSHALL & STEVENS**

Across many years in structured finance, I have served the energy and infrastructure sector in several capacities. I have worked as a tax equity investor in established markets, as a high-yield debt investor in new markets, directly in the design-build solar space, and now as a valuation specialist. Across these roles, I have participated in countless conversations about where “the market” is going.

The 2026 Marshall & Stevens Energy Forum felt a little different.

Not because the topics were new. Reliability, capital reallocation, and regulatory uncertainty have always been hot topics, and new technologies or market gamechangers, like today’s data center build-out, have always served to stimulate the intellect and spice up the conversation.

What was different in our Forum discussion is that the people participating, Bobby Majumder, Brent Nelson, Ken Malik, and Fahad Siddiqui, were speaking from positions of live, real-time exposure to a multitude of fast-moving events creating the confluence of an unusually high level of industry uncertainty... and opportunity.

On almost a daily basis, they find themselves deliberating the serious consequences of downside risk in such an environment, and they’re doing it in the here and now. During the Forum, they each described the decisions they are making on transaction attributes, in real time, with incomplete information, in a highly fluid regulatory environment, and with very material levels of capital at stake.

The following debriefing captures their current perspectives and lays out what Marshall & Stevens makes of it all.

## 2026 PANELISTS



**BOBBY MAJUMDER**

**FBT GIBBONS**

Partner, Co-Chair of Energy Industry Team



**KEN MALIK**

**GRUPO COBRA**

Head of Project Development



**BRENT NELSON**

**ASCEND ANALYTICS**

Senior Managing Director of Markets and Strategy



**FAHAD SIDDIQUI**

**TOTALENERGIES**

Director Structured Finance

CONTINUED | THREE THINGS STOOD OUT

# A few things stood out from the conversation that I want to flag before you read further.

01

## **There was no consensus energy technology winner.**

Every panelist, regardless of their institutional perspective, whether legal, development, finance, or analytics, agreed that the future grid will be comprised of regional, scenario-specific, multi-technology solutions. The idea that gas, solar, wind, nuclear or storage will “win” is, in the panel’s shared view, a categorical error. The market is asking a different question: what is reliable, financeable, and deployable in this region, at this time, for this load profile?

02

## **The FEOC (Foreign Entity of Concern) question is unresolved.**

As of the date of our Forum, no developer, lender, or attorney has clear guidance on what an ultimate determination of FEOC compliance truly requires upfront across the many different scenarios they are confronted with project by project. This has specific implications for how capital is being deployed and how valuations need to account for supply chain risk in a way most models have not historically needed to. It’s much more than just an adjustment to a cashflow’s discount rate. Even after best efforts to comply, it can be an on/off switch for a project’s ultimate ability to achieve its base case return.

03

## **The grid itself is the underhyped wild card.**

Given the current paradigm shift created by the AI revolution, this one should reverberate throughout our entrenched community of industry stakeholders. The transmission infrastructure that connects power to the places that need it, has not meaningfully evolved since the 1970s. In a market being reshaped by AI-driven demand and data center proliferation, it is a front-line constraint on investment returns, project viability, and where the next decade of energy value actually sits.

This report exists because the panelists participating in our Forum shared insights worth preserving. Here at Marshall & Stevens, we’re very comfortable and confident that we have the depth of experience to translate those insights into analysis you can act on.

**John Geraghty** National Practice Leader, Energy & Infrastructure Marshall & Stevens

## 2026 Energy Outlook

# Where Investment and Valuation are Heading

Marshall & Stevens analysis, May 2026

Based on the forum discussion and our ongoing valuation work across the energy sector, Marshall & Stevens identifies five key trajectories shaping energy investment and asset valuation through 2026 and into 2027.

# 01 **The reliability premium is structural, not cyclical**

The repricing of energy assets around dispatchability, locational advantage, and reliability is not a policy-driven anomaly. It reflects a fundamental shift in what the market values and why. Assets with firm, properly priced offtake agreements, locational grid access, and demonstrated dispatchability are commanding premiums that “lowest LCOE” (Levelized Cost of Energy) based analysis alone cannot capture.

We expect this premium to persist and widen throughout 2027, particularly as a preponderance of data center offtake agreements create a new category of reliability-anchored, long-term energy contracts for high volumes of generation capacity. Projects that cannot demonstrate locational relevance and dispatch reliability, and those with stakeholder returns heavily reliant on disproportionately high levels of upfront federal tax incentives to work, will become increasingly unmarketable at historical valuations.

# 02 **Natural gas versus solar-plus-storage economics have structurally shifted**

From a near term deployment perspective, gas turbine capital costs have tripled over three years while turbine procurement backlogs and EPC (Engineering, Procurement and Construction) capacity constraints remain significant. On the other hand, a combination of somewhat stable solar install costs and stacked incentives available on eight-hour storage have fundamentally changed the relative economics of these two technologies.

Over the next three to five years, we expect the number of solar-plus-storage deployments being placed in-service to continue outpacing gas installations for behind-the-meter and co-located data center applications. Merchant gas development remains challenged by fuel price uncertainty, pipeline access limitations in key geographies, and growing community resistance around permitting new gas pipelines, especially in certain more densely populated regions where there is a high number of forecast data center installations currently announced.

When assessing the appropriate risk-adjusted returns to assume for electric generation and storage assets that are in the early and mid-stages of development, and are intended to support data center growth, those projects should be stress-tested against these dynamics. In this context, location should significantly influence the chosen technology to be deployed within that region. Location really matters.

## 03 **The M&A market is bifurcating sharply**

Well-capitalized IPPs and long-horizon infrastructure funds are well positioned as acquirers. Development entities that have retained material interests in operating assets that can act as cashflow ballast during tumultuous times will prevail during a period of industry consolidation. Undercapitalized developers and develop-and-flip shops are facing a buyer's market with limited competitive bidding for marginal assets. The assets trading at meaningful premiums are the ones with secured interconnection, including reasonable utility side upgrade cost estimates, executed offtake agreements at realistic price points, and economics predicated on supply/demand fundamentals.

Development-stage asset valuations where the returns are dependent on unusually high levels of upfront federal tax credits or speculative revenue streams such as sustained high levels of ancillary service revenues or long-term resource adequacy revenue streams are being discounted accordingly. The development premium that existed in the IRA adder world is, for many asset types, no longer there after 2027.

## 04 **Unaddressed FEOC uncertainty is a live valuation haircut**

Until a market standard for what constitutes upfront FEOC compliance certainty emerges, project procurement plans that include exposure to FEOC could immediately trigger a worst-case-as-base-case assumption in any energy asset valuation accepted by tax equity investors or ITC insurance providers in Credit Transfer projects. The panel consensus at the Forum was that no such standard exists as of mid-2026,

Marshall & Stevens is anticipating a very rapidly developing market for competent providers of formal FEOC compliance opinions. Opinion letters that will ultimately be required in any due diligence data room developers provide to prospective stakeholders. We further believe it's in the interest of developers to retain such compliance experts very early on in the development and procurement process. Absent such compliance documentation, we would anticipate a highly conservative approach to the determination of the level of a project's ITC eligibility should there be any question about the provenance of core components. This will continue until guidance solidifies and the market establishes a consistent underwriting position.

# 05 **Consistent transmission access is the next frontier of energy asset value**

In a market where generation capacity is increasingly abundant in certain geographies and severely constrained in others, transmission access is becoming the differentiating asset attribute. Projects with demonstrable, secured grid access, particularly in high-demand corridors serving data center load, command value that generation-only analysis does not capture.

We expect transmission-constrained assets to face increasing valuation headwinds through 2027, while transmission-advantaged generation with long term, properly priced offtake agreements will attract growing capital premiums.

A thoughtful transmission network upgrade program endorsed and promoted by the federal government, if one actually advances, will be the single most consequential capital deployment opportunity in the energy sector for the remainder of this decade.

## ABOUT

# Marshall & Stevens

Marshall & Stevens has been providing independent valuation services since 1932.

Since 2000, we have valued more than \$100 billion in energy projects across renewables, storage, gas, geothermal, nuclear, and transmission infrastructure, through every significant market cycle, regulatory shift, and technology transition the sector has experienced.

**1932**

Founded

**\$100B+**

Energy projects  
valued since 2000

In 2026, our independence and diverse experience in valuation consulting, transaction advisory, and litigation support are more important than ever. The market is moving fast, the rules are being rewritten in real time, and the decisions being made today will define portfolios for the next 30 years.

**Energy & Infrastructure National Practice Leader: John Geraghty**

# Valuation consultants to the energy investment ecosystem

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