



Navigating Energy Transition in 2026

“So Where Do We Go Now?”

January 2026



Agenda

- 01 | Introduction**
- 02 | Highlights from 2025**
- 03 | Emerging Trends in 2026**
- 04 | Where to Go Now?**



About Me



Josh Hesterman
Managing Director
KPMG | US Deal Advisory
jhesterman@kpmg.com

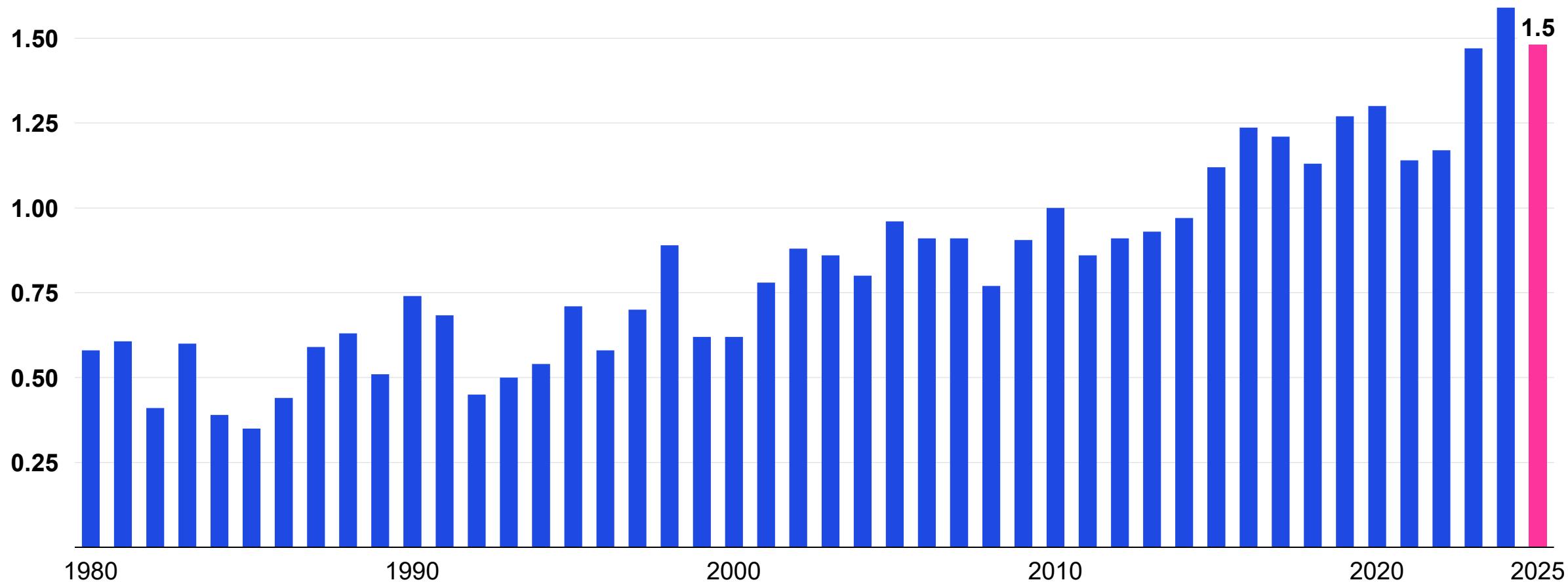
Josh is a Managing Director in KPMG's Deal Advisory practice with nearly 20 years of broad-based strategy consulting experience.

He works with both public and private clients on a variety of topics to design practical plans that balance environmental, financial, and operational considerations. These topics include due diligence, growth strategy, valuation, regulatory/compliance reviews, and organizational transformations.

His sector focus in Energy and Industrial Manufacturing, and currently co-leads KPMG's Private Equity practice for Sustainability & Energy Transition.

2025 Recap | We kept getting hotter...

Surface air temperature anomalies relative to 1850-1900 baseline (°C)



Source: Copernicus Climate Change Service

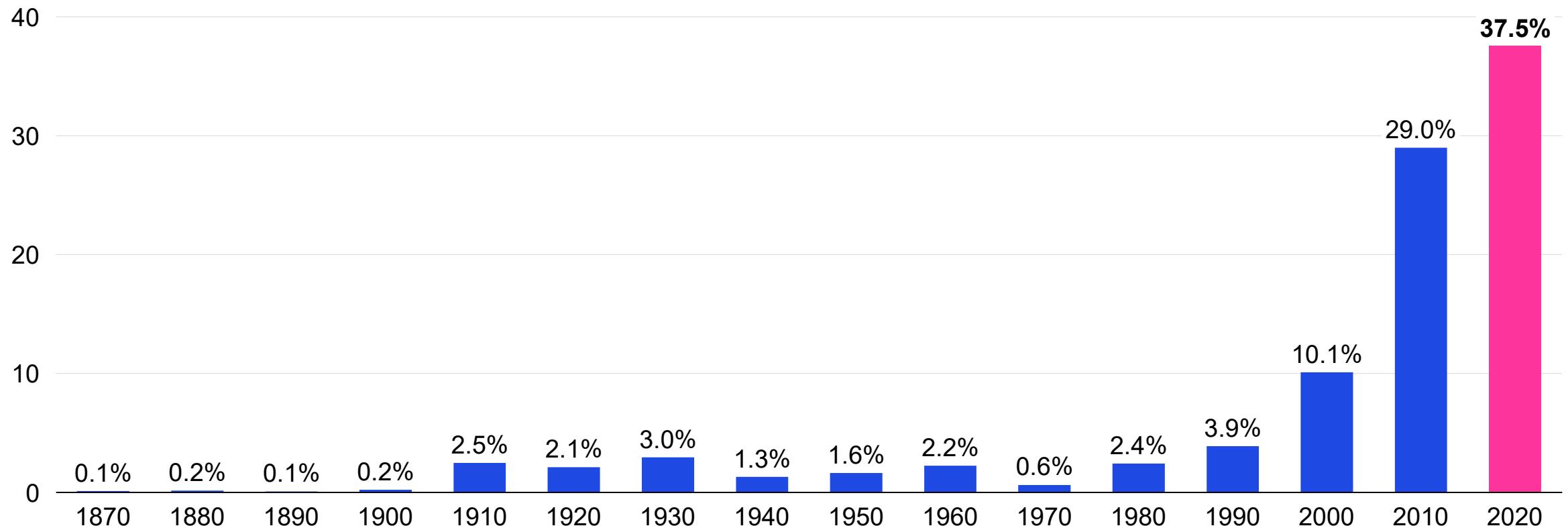


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2025 Recap | ...especially in the ways that matter most

% Land surface experiencing a record temperature, by decade



Source: Berkeley Earth

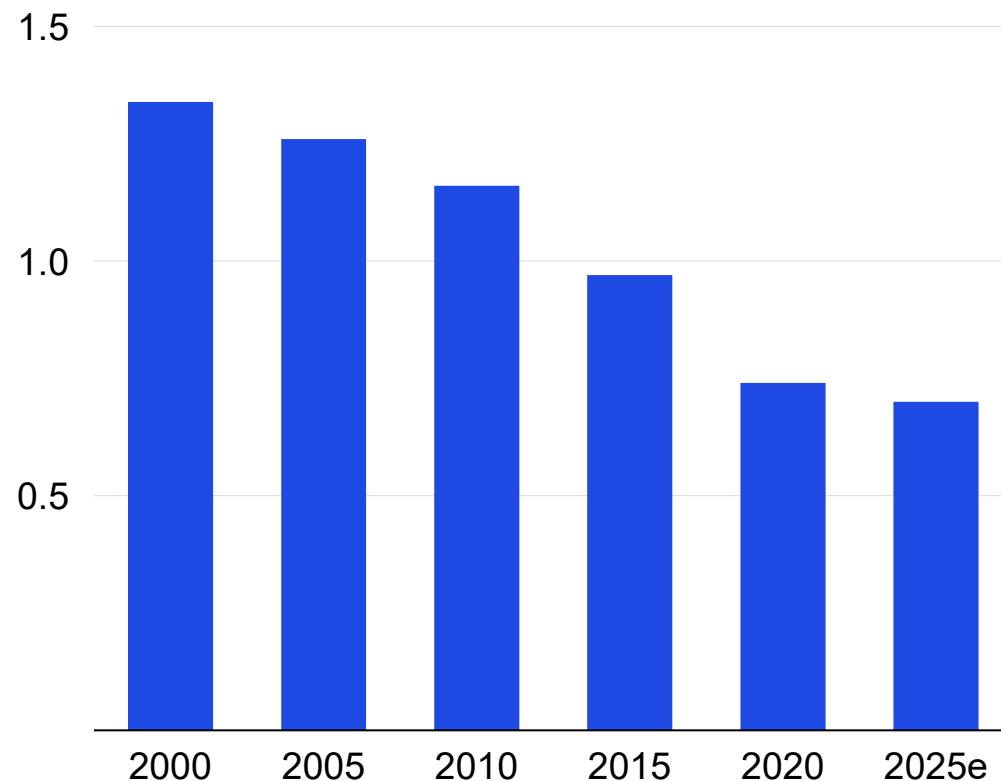


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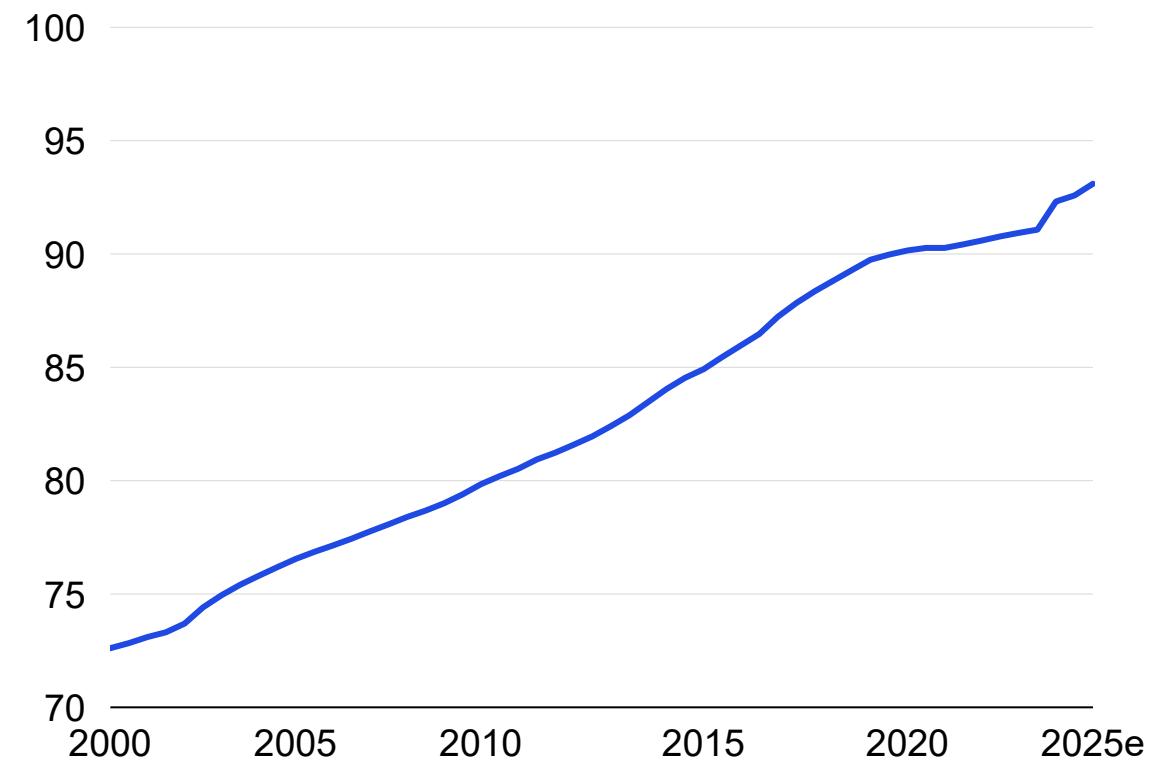
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2025 Recap | We also kept expanding access to electricity, despite some flattening

Population Lacking Electricity (Bn)



% Population with Access to Electricity



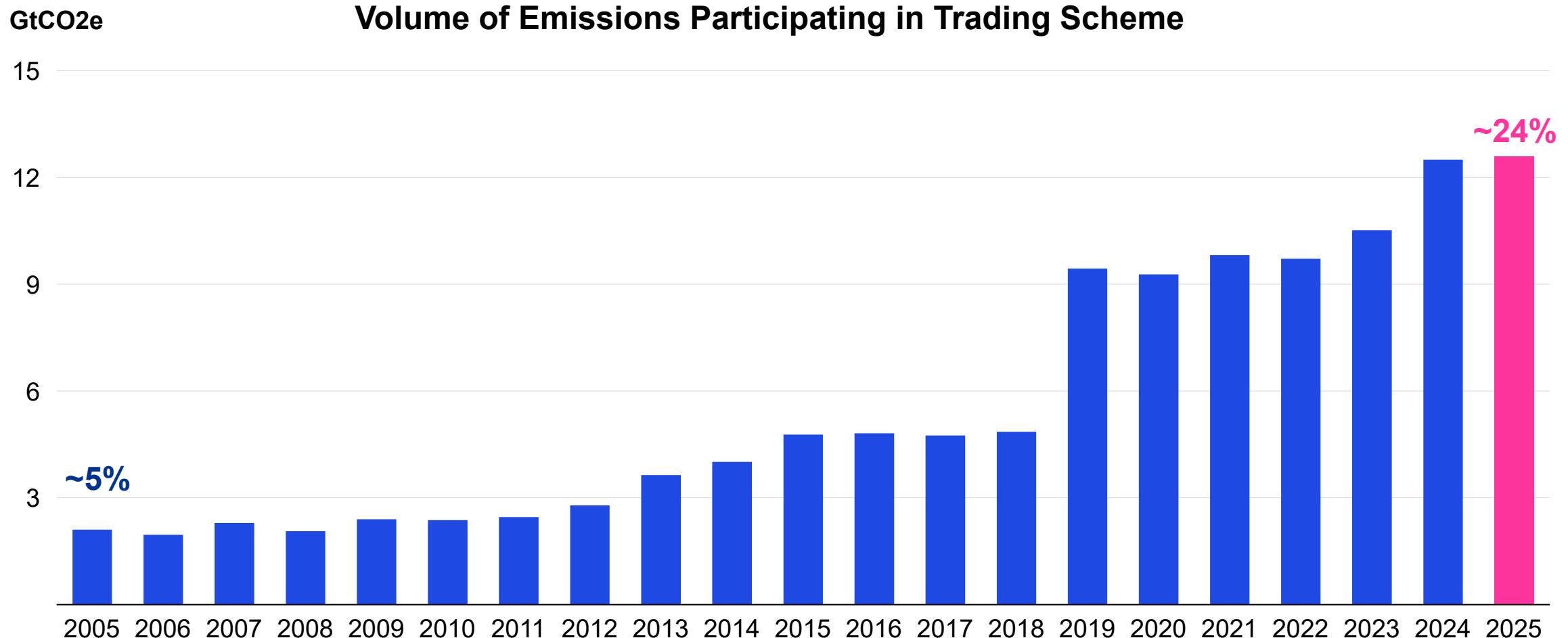
Source: IEA, World Bank



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2025 Recap | And now almost a quarter of emissions are under some form of emissions trading scheme



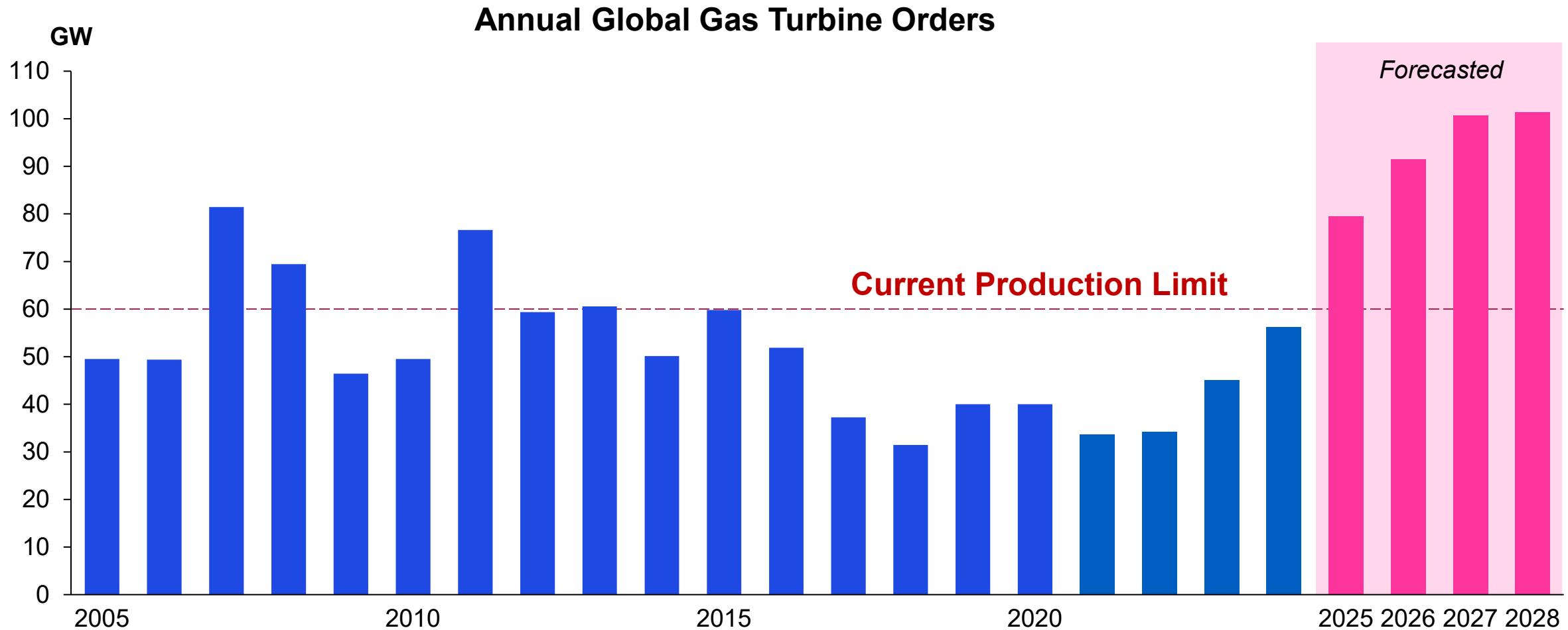
Source: International Carbon Action Partnership



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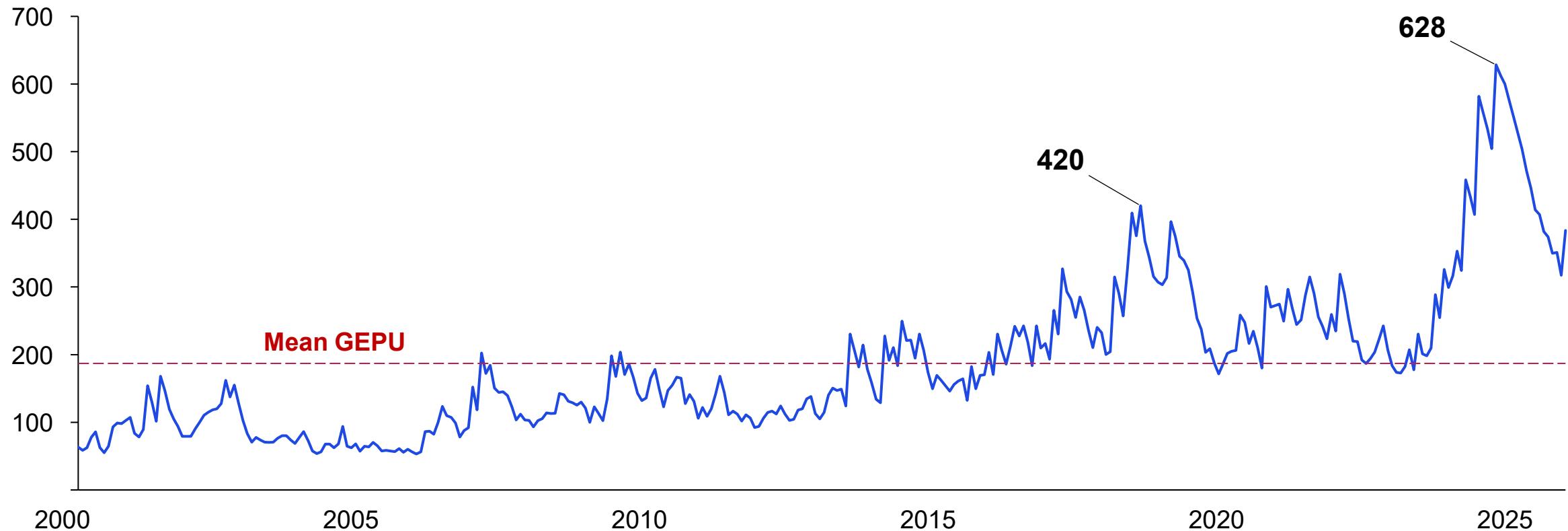
2025 Recap | But we faced significant constraints in scaling energy sources, even when pushing the manufacturing chain hard



Source: BNEF, WoodMackenzie, Barclays

2025 Recap | All against historic levels of policy + economic uncertainty

Global Economic Policy Uncertainty Index



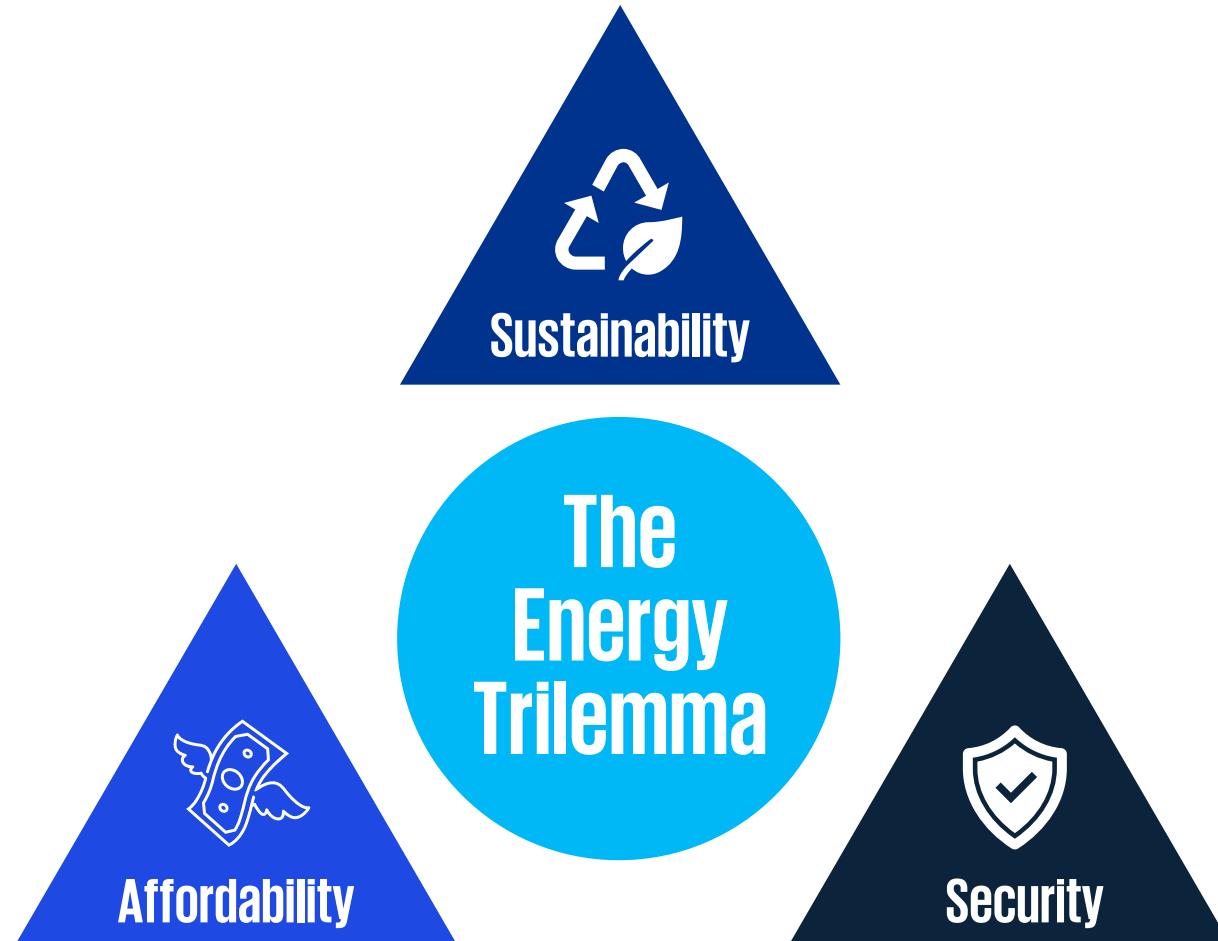
Source: NBER, St. Louis Federal Reserve



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Framing the Future | The Energy Trilemma is a great starting point for understanding what our organizations (and the world) are facing in 2026 and beyond...



Framing the Future | ...but several trends are shifting an already precarious balance



Global market uncertainty

Bringing energy to markets like Venezuela requires some form of stability. Risk-averse companies are unlikely to invest billions in infrastructure without clarity on the legal and fiscal environment.



Changing direction of energy flows

Global geopolitics and conflict lead to major disruption of energy flows in recent years and are likely to continue, at least in the short- and medium-term.



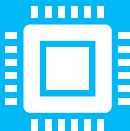
Our energy hungry world

Global energy demand continues to rise at a pace that exceeds what renewables can deliver, endangering climate commitments and making capital allocation choices more complex



Shifting energy demand profiles

Global gas consumption reached record levels in 2024, global oil demand growth rates are falling, and though coal's global share of world energy is falling, coal demand continues to rise in most regions



The AI Energy Boom

Energy demand is surging thanks to AI, with key growth drivers include the growth of artificial intelligence, cloud computing, mobile broadband, big data analytics

Major Themes | “New” investment in markets like Venezuela are an extremely popular talking point, but realities on the ground will temper a rush to invest

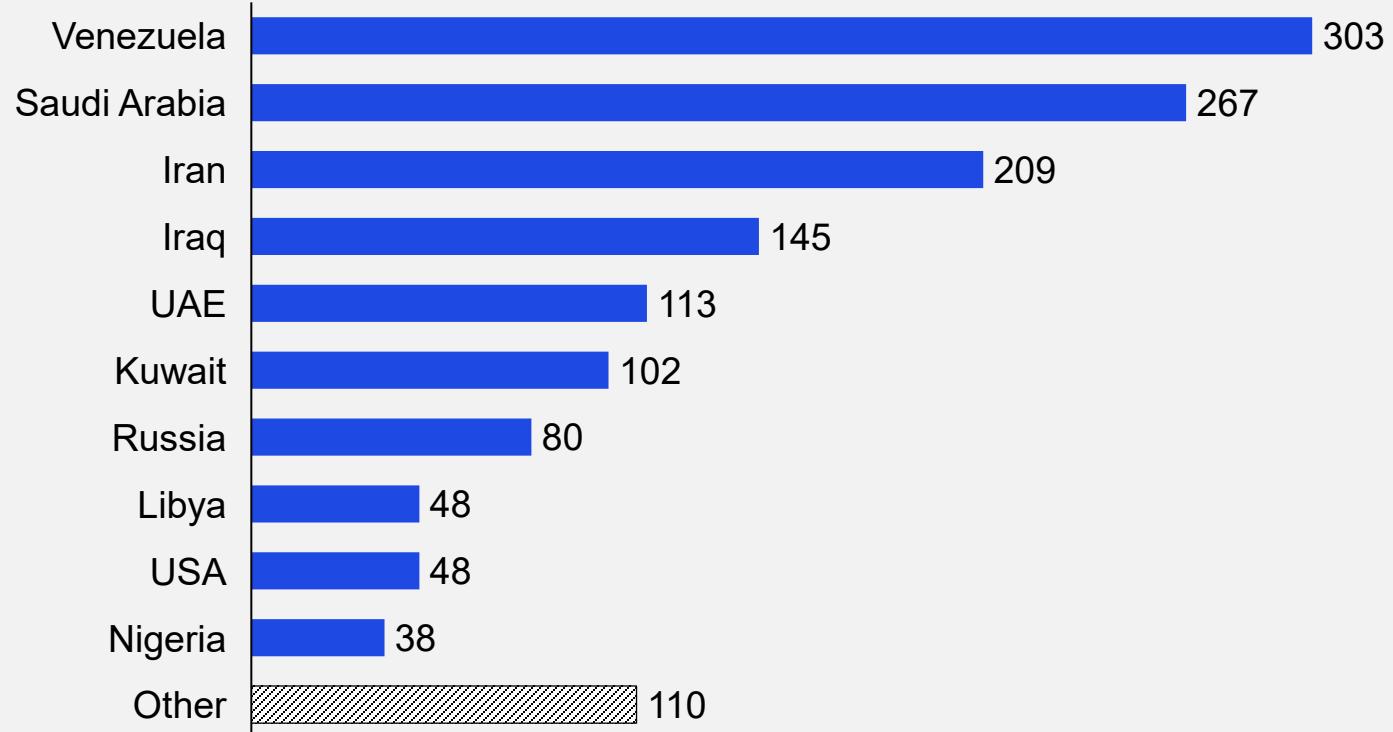
\$53B

of investment over 15 years required to keep Venezuelan oil production flat at 1.1m barrels per day.

\$183B

of investment through 2040 required to return Venezuela to the “glory days” of 3mmbpd.

Leading countries by crude oil reserves, 2023 (billions of barrels)

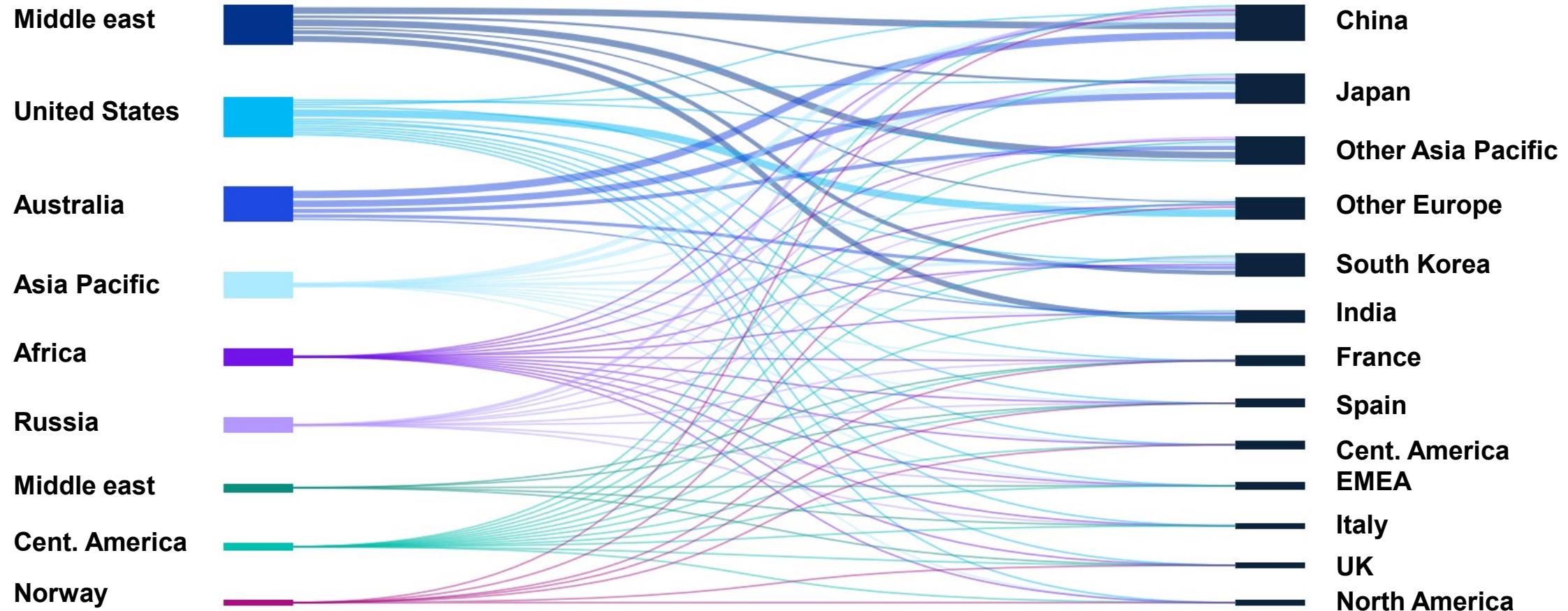


Note: Other includes Kazakhstan, China, Qatar, Brazil, Algeria

Source: [Trump's Venezuela Oil Revival Plan Is a \\$100 Billion Gamble - Bloomberg](#)

Major Themes | Ongoing, large-scale geopolitical conflict is much more likely to reshape global markets over medium and long-term planning cycles

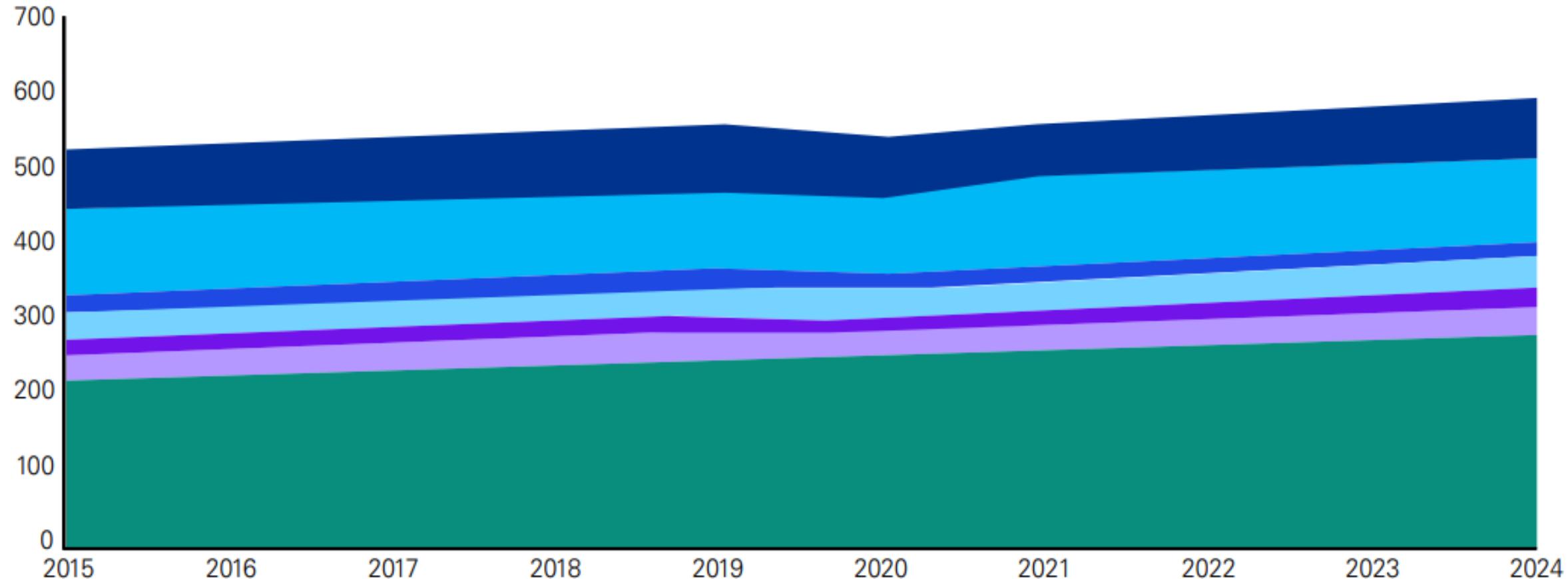
Liquified natural gas major trade flows (2024)



Source: Energy Institute, in association with KPMG International and Kearney. "2025 Statistical Review of World Energy"

Major Themes | Regardless of region, energy demand continues to grow...

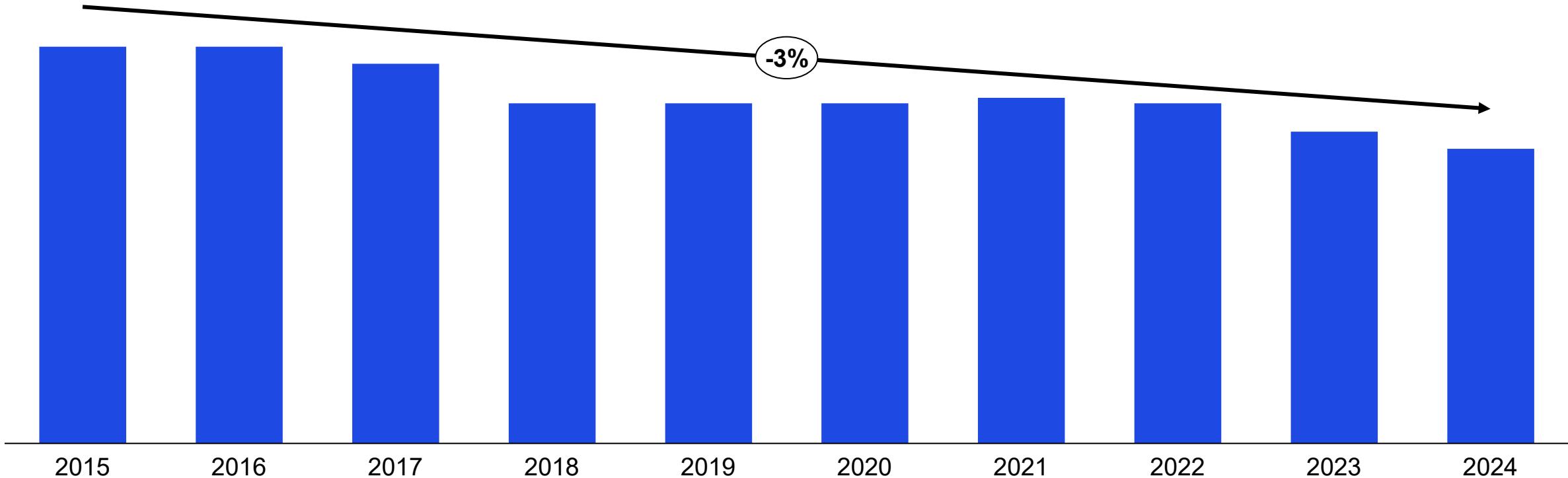
Global primary energy consumption by region, exajoules



Source: Energy Institute, in association with KPMG International and Kearney. "2025 Statistical Review of World Energy"

Major Themes | ...even as energy intensity drops

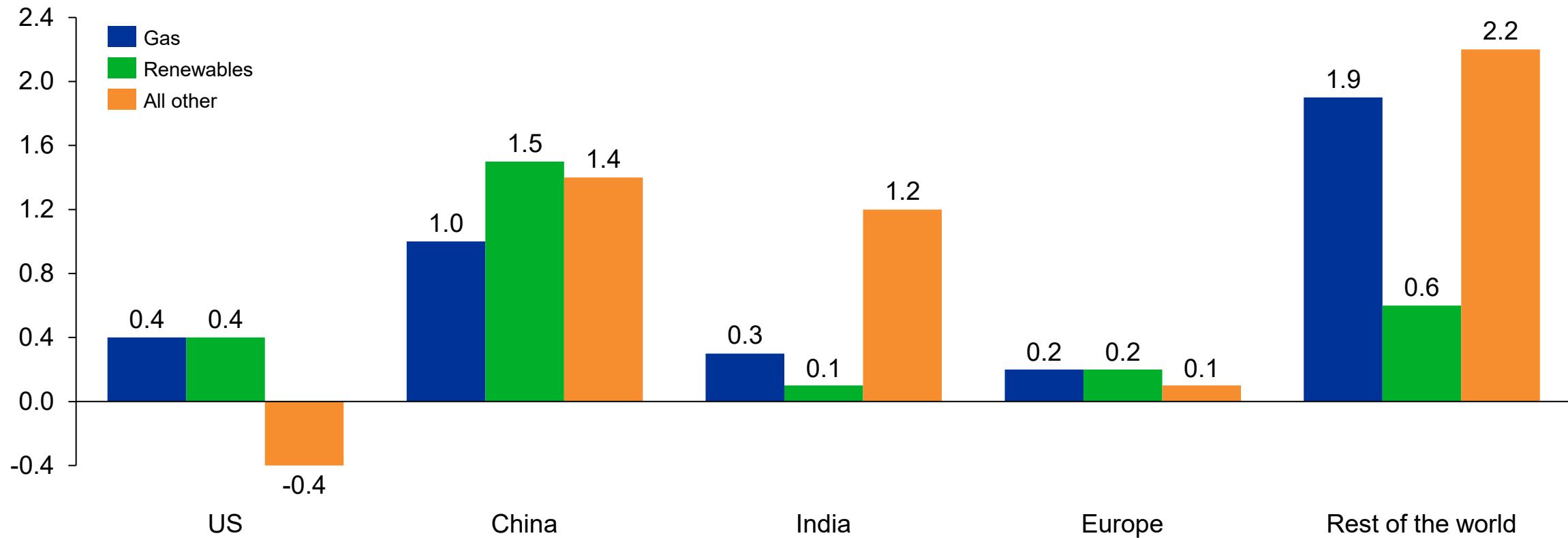
Global energy intensity (EJ/USD; 2015-2024)



Source: Energy Institute, in association with KPMG International and Kearney. "2025 Statistical Review of World Energy"

Major Themes | And the demand is met by virtually all sources

Regional changes in energy demand by source (2023 v. 2024, exajoules)

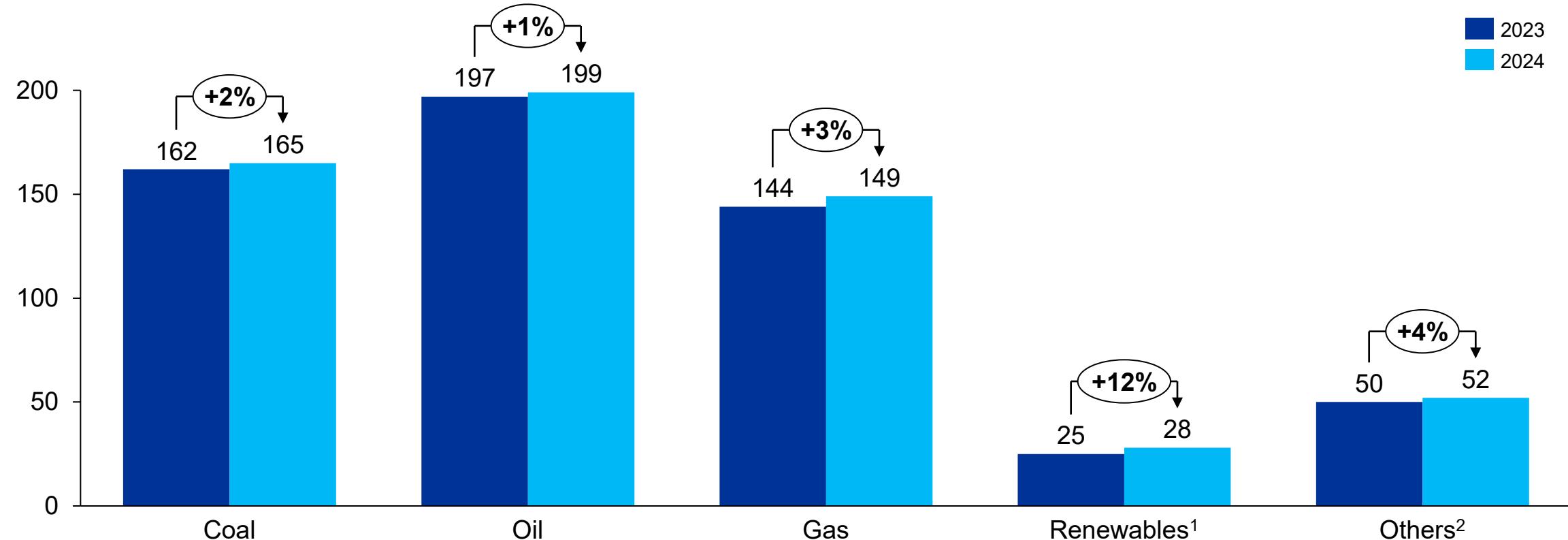


Notes: "All Other" Includes oil, coal, nuclear, hydro

Source: Energy Institute, in association with KPMG International and Kearney. "2025 Statistical Review of World Energy"

Major Themes | Renewables alone will not be enough

Growth in energy demand by source (2023 v. 2024, exajoules)

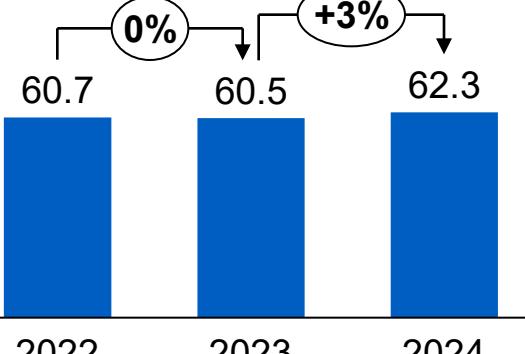
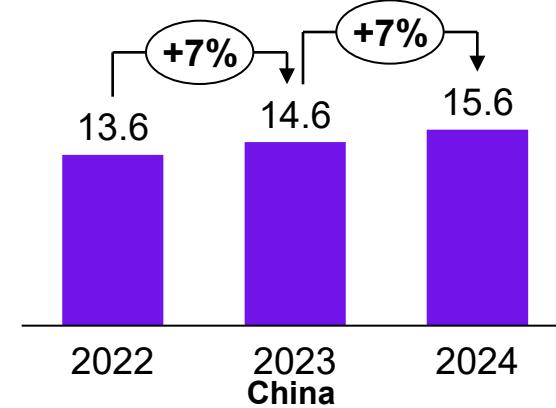
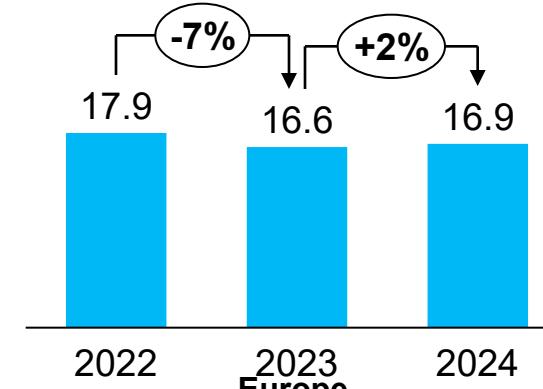
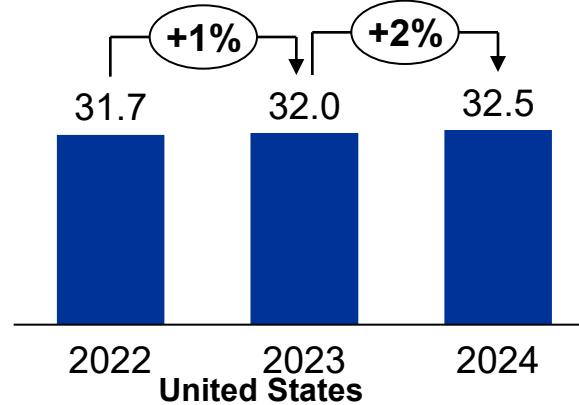


Notes: 1. Includes solar, wind, geothermal; 2. Includes nuclear, biofuels, hydro

Source: Energy Institute, in association with KPMG International and Kearney. "2025 Statistical Review of World Energy"

Major Themes | Natural gas is no longer just a “bridge fuel”

Gas consumption by region (exajoules)

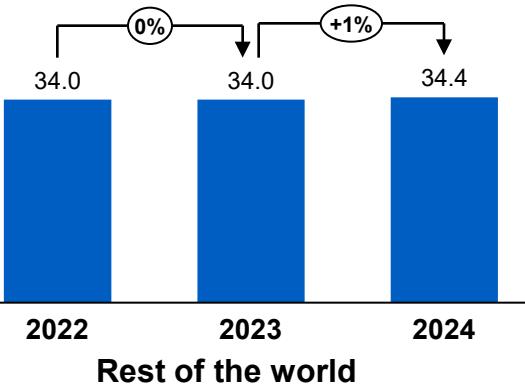
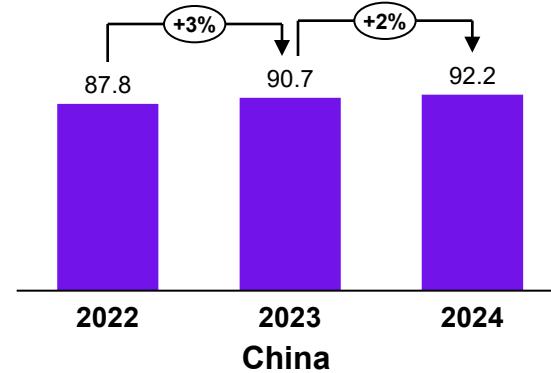
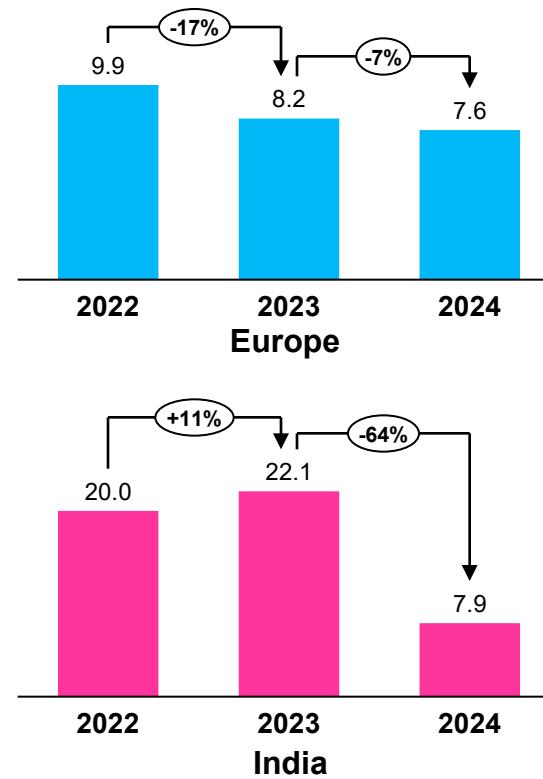
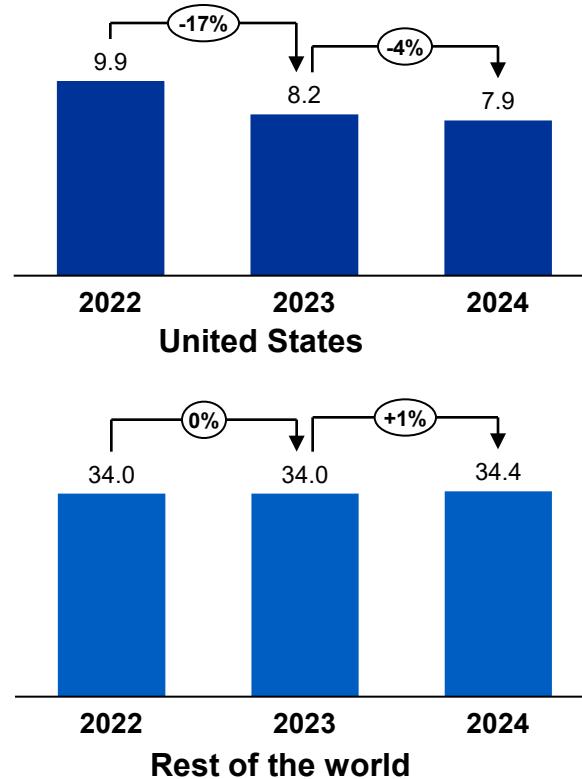


Middle East

Source: Energy Institute, in association with KPMG International and Kearney. “2025 Statistical Review of World Energy”

Major Themes | Coal remains stubbornly resilient and even on the rise in parts of the world

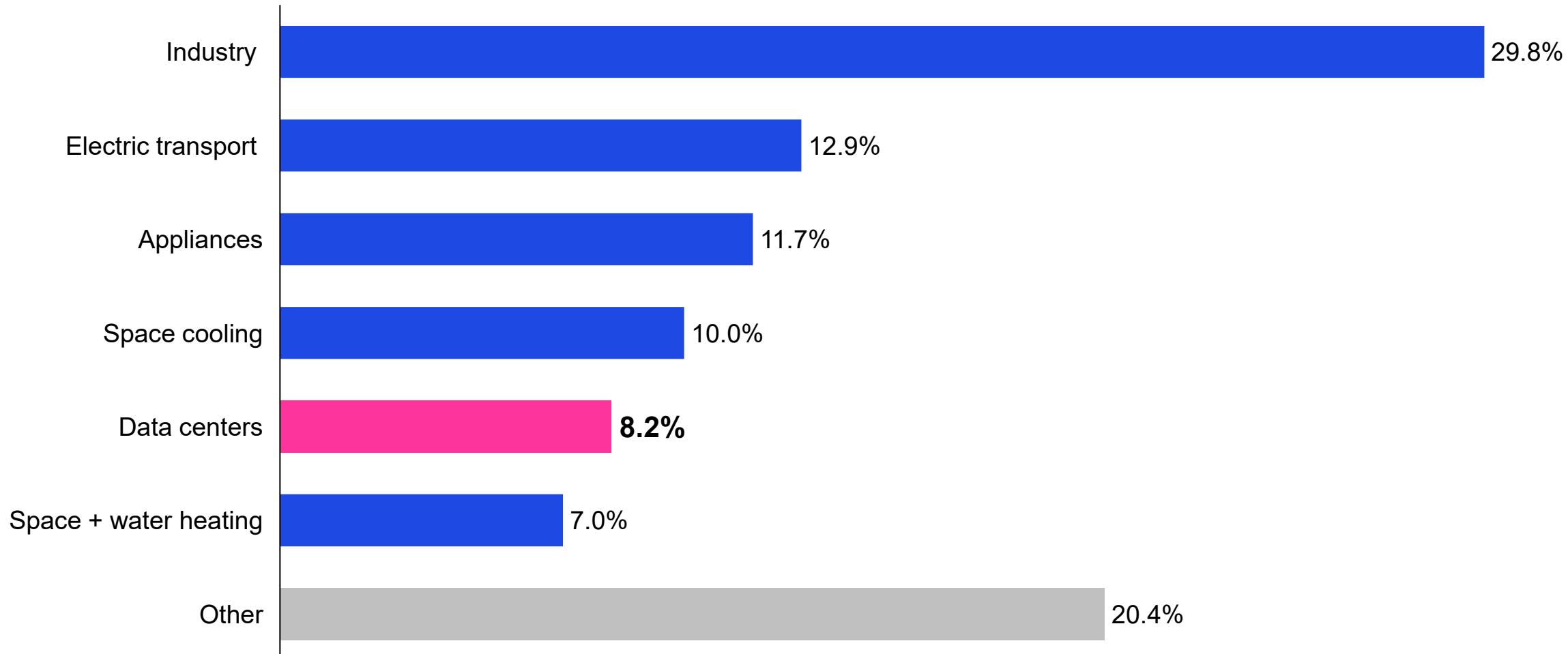
Coal consumption by region (exajoules)



Source: Energy Institute, in association with KPMG International and Kearney. "2025 Statistical Review of World Energy"

Major Themes | Growth isn't all in data centers, but it feels that way

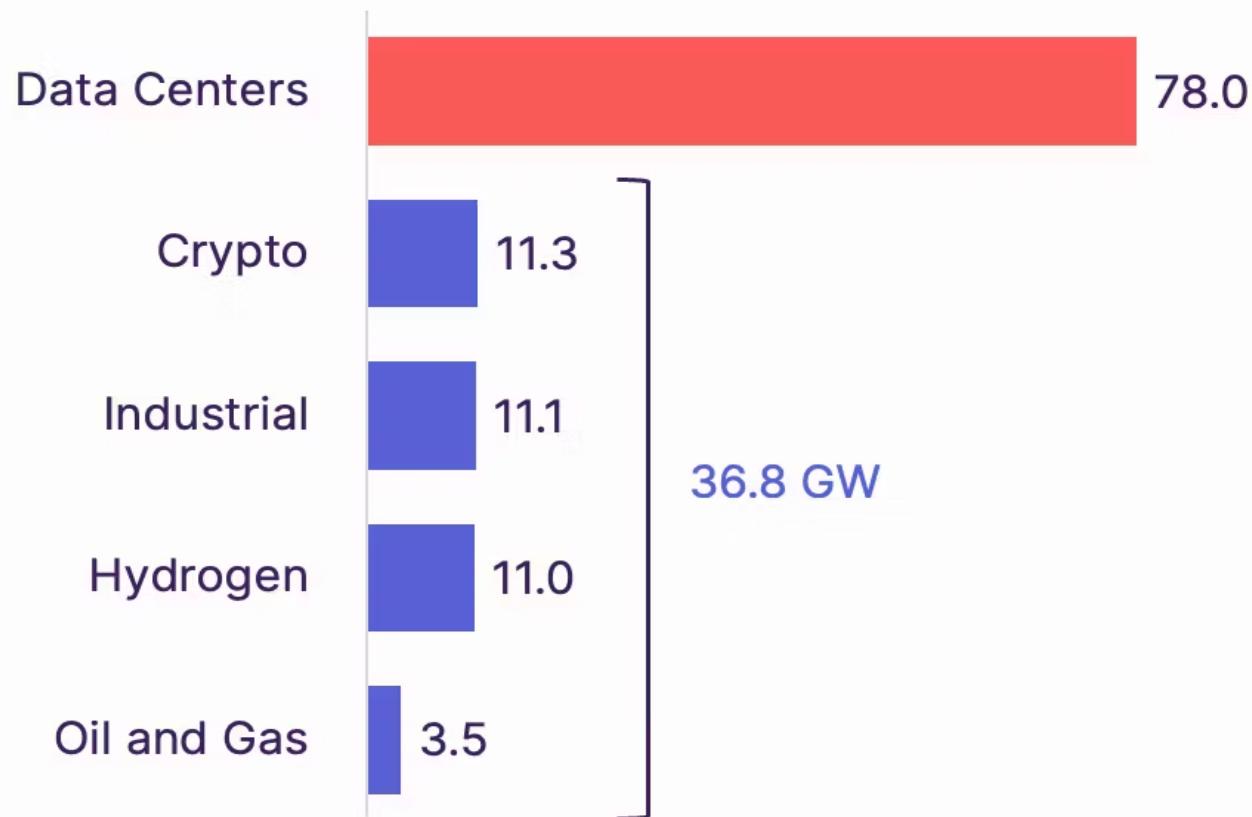
Share of increase in global electricity demand by sector, 2024-30



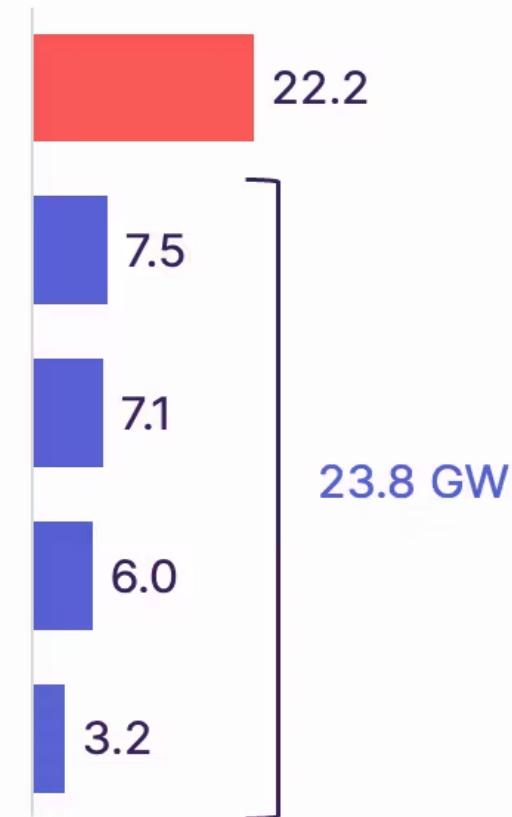
Source: Energy Institute, in association with KPMG International and Kearney. "2025 Statistical Review of World Energy"; IEA

Major Themes | And there are certainly signals that demand is set to surge thanks to the AI boom...the real question is to what degree?

Texas transmission service provider load forecast
2025-30, GW



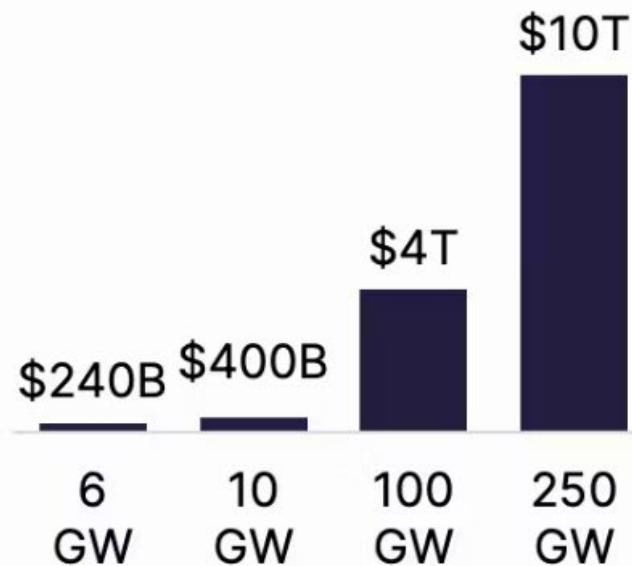
ERCOT load forecast
2025-30, GW



Source: ERCOT, EPRI

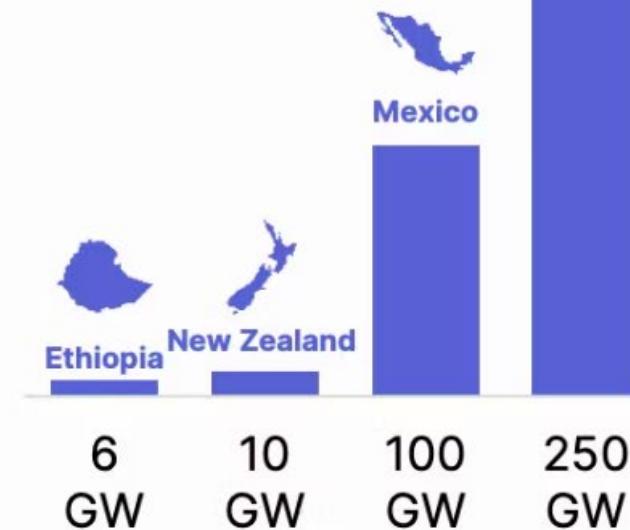
Major Themes | Make no mistake, it will be a boom by almost any measure...

Data center capex

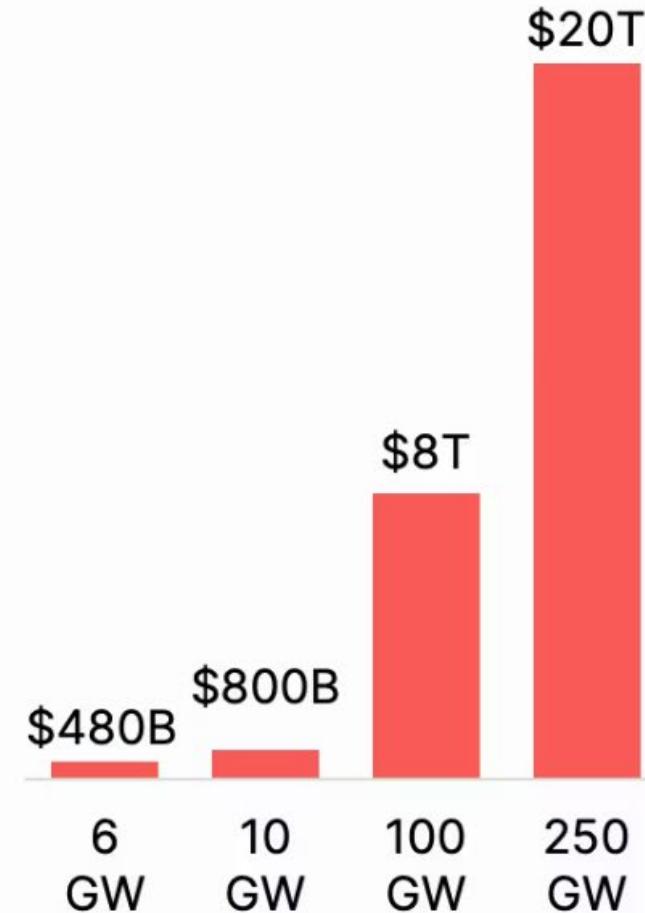


Power sector equivalent

National electric generation capacity (2023)



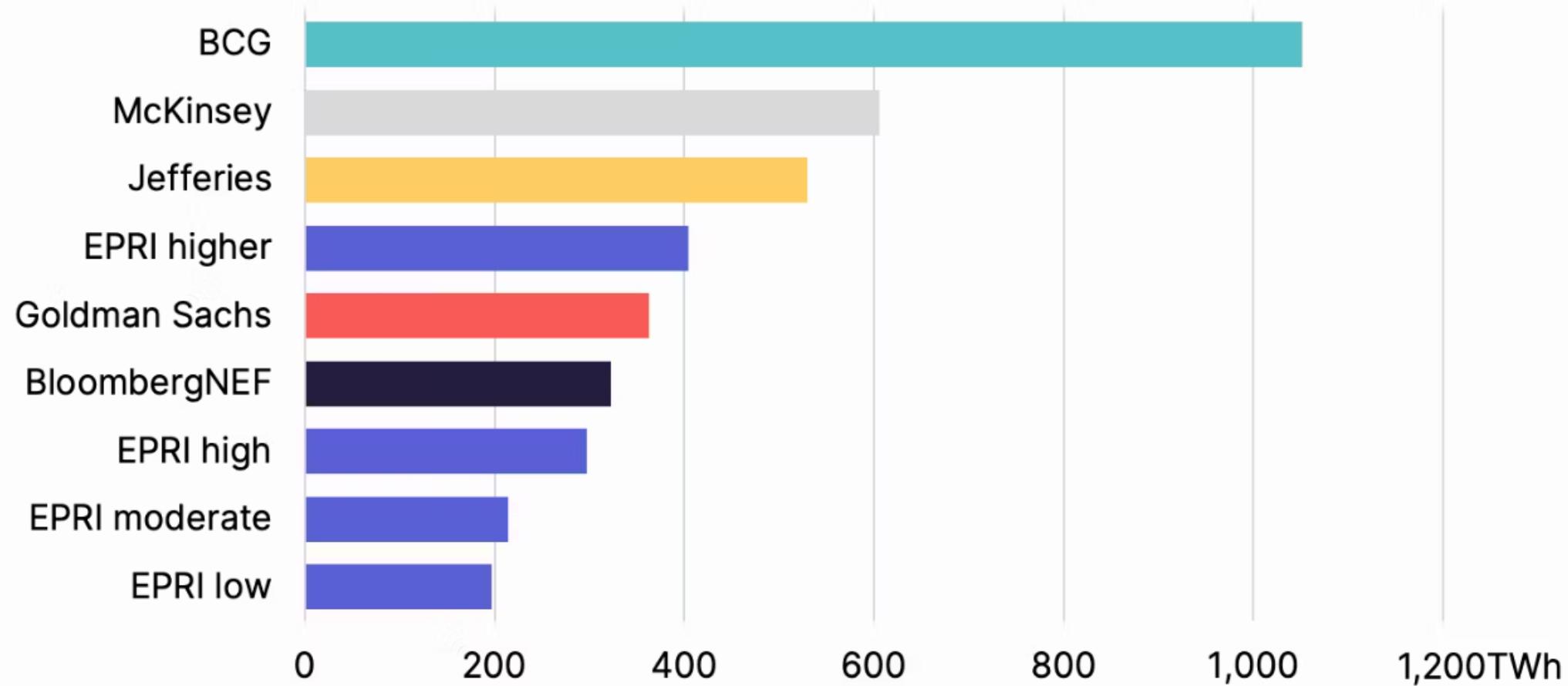
Revenue required for payback



Source: UNStats, AMD, Broadcom

Major Themes | ...but these are not easy measures to make

US 2030 data center electricity demand projections, 2030



Source: Nat Bullard, 2026



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So...what's really next? | The coming year will be about separating the noise from the signal, and translating it into what makes sense for your organization

01

Manage the compliance “burden” – understand existing + likely regulatory requirements and use those to your advantage where you can

02

Make it yours – determine where you can best differentiate, even in the face of increasing volatility and more burdened decision-making

03

Make it real – Use the way your organization develops business cases to put a new lens on initiatives, quantifying risk & opportunity wherever possible

04

Stay flexible – forecasting is really difficult right now, so evaluating broad scenarios reflecting a range of outcomes will be key to better, faster alignment

05

Nail the basics – good operating & capital discipline is more important than ever in an environment of higher uncertainty

The image displays three KPMG reports arranged in a grid. The top report is titled 'Building the business case for sustainability' with a subtitle 'A practical guide for business connecting opportunities and financial drivers'. It features a photograph of a green field and solar panels. The middle report is titled 'Energy transition investment outlook: 2025 and beyond' with a subtitle 'Building trust, confidence and participation'. It features a photograph of wind turbines. The bottom report is titled 'The human side of the energy transition' with a subtitle 'Building trust, confidence and participation'. It features a photograph of a person's back looking at wind turbines.



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