



(UBS)

US new power capacity hits a two-decade high

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US power plant operators and developers added 20.2 gigawatts (GW) in new capacity in the first half of 2024, according to fresh data from the Energy Information Agency (EIA), a 21% year-over-year rise amid growing demand from AI data centers and electrification.

The EIA forecasts US energy capacity gains will more than double in the second half of 2024 to around 42.6GW. Solar accounted for nearly 60% of the additions, led by Texas and Florida, and could double for full-year 2024 against last year's solar capacity gains if all planned projects come online. New battery storage capacity showed strong growth, accounting for around 21% of the capacity gains in first half of this year.

Our view: The era of flat electricity demand in developed markets has ended, with large-scale AI and cloud-computing capacity driving a resurgence in demand. With many AI mega-cap leaders committed to zero emission pledges, we expect a strong multi-year cycle of investment in utility-scale renewable power generation and storage capacity. Broadly, we think companies exposed to electrification, energy efficiency, and renewable energy would fare better under a potential Harris presidency, while a Trump administration would likely favor the traditional energy sector. Given the challenges listed renewable energy investments tend to face, we suggest investors look to private infrastructure investments in renewables, which can help diversify portfolios due to their low correlation to other asset classes while providing stable income streams that are often tied to inflation. However, investors should consider the risks inherent to private markets before investing, including illiquidity, long lockup periods, leverage, and over-concentration.

See more in the Caught our attention section of the US Daily - [Momentum shifts in the US election, 20 August 2024.](#)

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