2020 power and utilities industry outlook

Executive summary

In 2019, the multiyear pattern of record-breaking utility capital expenditures amid stagnant load growth continued in the power industry. And it shows few signs of changing as the need to upgrade aging infrastructure, digitize, and secure the grid against natural and manmade disasters continues. Natural gas continued to dominate the US power generation mix, and wind and solar capacity continued to rise. Renewables, as a whole, surpassed coal-fired plants’ share of US generation for the first time. And the rush to deploy battery storage surged as battery costs fell sharply.

As we move into a new decade, many power and utility companies are not only boosting their own decarbonization commitments and efforts, but they’re also taking on the mantle of leadership in the economy-wide clean energy transition. In 2020, we expect to see these efforts intensify and bring new opportunities for customer engagement and growth.
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What to expect in 2020:

**Raising the bar on climate change**
Companies are increasingly boosting carbon reduction goals in response to mounting pressure from multiple stakeholders, including customers, employees, investors, and others.

**Creating value from distributed energy resources**
Utilities are prioritizing customer and grid needs as they develop distributed energy resources strategies to reap benefits and manage risks.

**Exploring new business models**
New business models help power companies further enable the clean energy transition and provide new revenue sources.

**Building smart cities**
Utilities are learning that they can increasingly create value by becoming the center of smart city initiatives.

**Preparing for EV growth**
Power companies are seizing growth opportunities and preparing to manage new load as electric vehicle adoption rises.

How to prepare for 2020:

The new year brings significant opportunities for the power and utilities industry to grow into its role as leader of the clean energy transition. From building grid-scale wind and solar plants to providing distributed solar, storage, and EV charging infrastructure, power companies can help enable and catalyze the transition. Some of the industry’s most significant challenges follow them into the new decade: managing growing cyber risk, justifying new investments to regulators (up 10 points to 55 percent in a 2019 industry survey), and preparing for or responding to natural disasters. Improving the customer experience is also a key priority. Doing all of the above while keeping costs low may seem like a high-wire act in more ways than one. But strategic planning, risk management, and ongoing digital transformation can help the industry maintain its balance and grow in the coming year.

For more information, or to download the full report, visit: 
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