



J.P. Morgan Research

ESG and Clean Energy: 2026 Sector Review

Policy, capital flows, and sector outlook

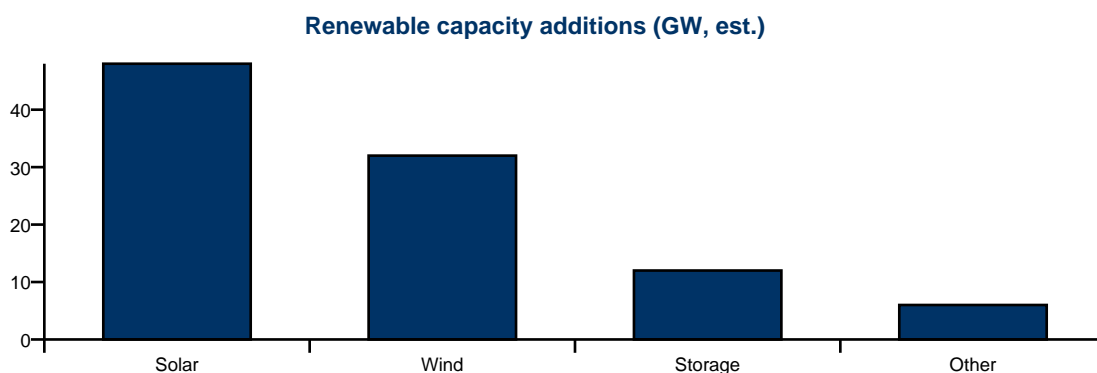
February 11, 2026

Executive Summary

ESG and clean energy investing in 2026 is shaped by evolving regulation, subsidy implementation, and capital allocation trends. We provide a sector review covering renewables, grid infrastructure, and carbon markets, with updated views on valuations and catalysts. Our analysis incorporates the latest policy developments in the U.S. and Europe, as well as corporate and institutional demand trends. We maintain a constructive stance on select utilities and renewable developers with visible growth and balance sheet discipline, and we highlight risks and opportunities across the value chain.

Policy and regulation

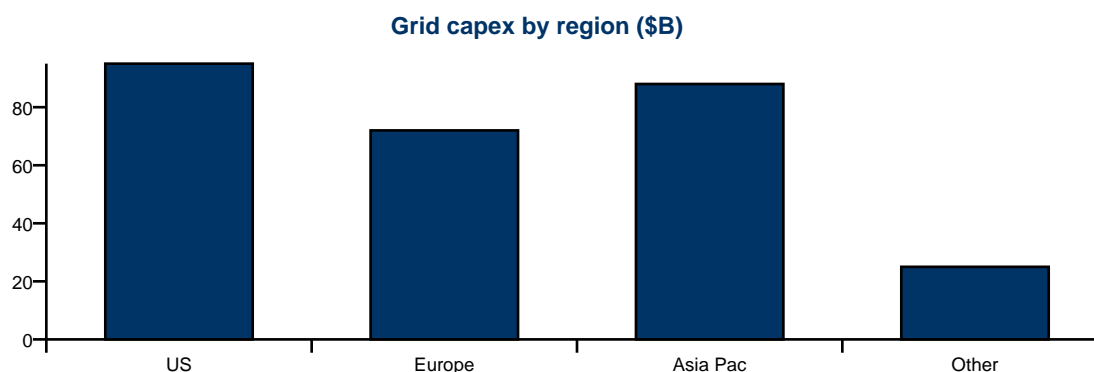
Implementation of major climate and energy legislation in the U.S. and Europe continues to drive project pipelines and grid investment. We monitor permitting and tariff developments for potential upside or downside to our base case. Corporate procurement and decarbonization targets remain supportive of long term demand. In the U.S., IRA implementation and state level policies are key drivers; we discuss the outlook for tax credits and for permitting reform. In Europe, the Green Deal and related initiatives continue to shape the landscape. We also consider the impact of trade policy and of potential changes in administration or legislative priorities.



Source: J.P. Morgan Research. Full year 2026 estimates, selected markets.

Renewables and power generation

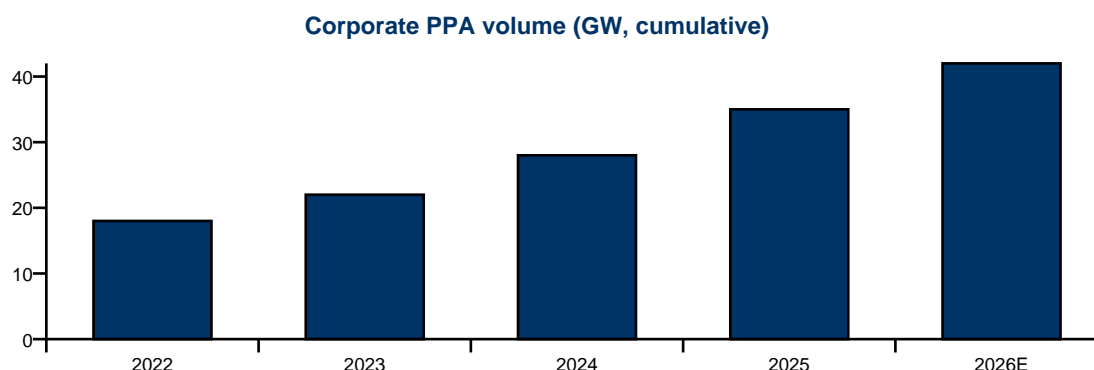
Solar and wind deployment are expected to continue at a solid pace, though project economics and permitting remain variables. We discuss the competitive dynamics in manufacturing and development and highlight names with sustainable margins and growth. Storage is increasingly critical for grid stability and for capturing renewable output; we review the outlook for batteries and for other storage technologies. Nuclear and other dispatchable low carbon resources are also part of the conversation in many markets, and we touch on the implications for utilities and equipment vendors.



Source: J.P. Morgan estimates. Annual grid investment, 2026E.

Grid infrastructure and utilities

Grid investment is a major theme, with aging infrastructure and renewable integration driving capital expenditure. We favor utilities with transparent regulatory frameworks and manageable execution risk. Rate cases and regulatory outcomes remain important for valuation. We discuss the outlook for transmission and distribution spending and for smart grid and digital solutions. Our coverage reflects a balance of growth and value, with an emphasis on execution and policy visibility. We also consider the role of hydrogen and other emerging technologies in the long term mix.



Source: J.P. Morgan Research. E = estimate. Illustrative corporate renewable procurement.

Sector outlook and recommendations

We maintain a constructive stance on select utilities and renewable developers with visible growth and balance sheet discipline. Grid and storage names offer exposure to the buildout of clean energy infrastructure. Our coverage reflects a balance of growth and value with an emphasis on execution and policy visibility. We provide updated price targets and discuss catalysts for the coming quarters. Risks include regulatory changes, interest rate sensitivity, and execution delays. We recommend selective exposure and attention to valuation relative to growth and quality.

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