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Renewables Remain the Lowest-Cost New-Build Generation Despite Rising Cost Pressures, Lazard's 2026 Levelized Cost of Energy+ Report Finds

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Unprecedented Power Demand and Rising New-Build Costs Are Reinforcing the Need for a Diverse Generation Fleet and Increasing the Competitiveness of Existing Generation

NEW YORK, July 13, 2026 /PRNewswire/ -- Lazard, Inc. (NYSE: LAZ) today announced the release of the 19th edition of its Levelized Cost of Energy+ (LCOE+) report. Now in its 19th year, the LCOE+ remains the industry's leading annual benchmark for the cost competitiveness of energy generation technologies. This edition arrives at a pivotal moment for the energy sector, as unprecedented power demand growth, rising new-build costs across all technologies, and intensifying focus on reliability and affordability are reshaping how industry participants, policymakers and investors think about the generation mix.

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"In today's energy landscape, the relevance of data-driven cost analysis has never been greater. The LCOE+ captures a market defined by unprecedented demand growth, rising costs across every generation technology and an intensifying focus on reliability — making objective, real-world benchmarking more critical than ever for the stakeholders, policymakers and investors shaping the industry's future," said George Bilicic, Vice Chairman of Investment Banking and Global Head of Power, Energy & Infrastructure, Lazard.

Key Findings from the 2026 LCOE+ Report

1. **Renewables Remain Lowest Cost New-Build Generation; All Generation Faces Increasing Cost Pressure**: Despite rising and inflationary cost pressures across all generation technologies, renewables remain the most cost-competitive form of new-build generation on an unsubsidized basis and will account for the majority of near-term capacity additions in the U.S. Continuous upward revisions to demand projections have driven a sharp increase in announced new-build gas generation despite a 15-year high LCOE, which is expected to continue to rise, and historically long development and equipment delivery timelines.

2. **Unprecedented Demand Reinforces Need for Diverse Generation and Thoughtful Acceleration of Permitting/Approval Processes:** Rising power demand and intensifying reliability considerations—as evidenced by the increasingly broad application of sophisticated capacity accreditation methodologies across the generation stack, including for fossil resources—are compounding the pressures already confronting the Industry, from pipeline capacity constraints to rising and inflationary cost pressures. Meeting this demand requires substantial new infrastructure, yet development timelines remain protracted, and these challenges are further exacerbated by permitting delays, all of which increase costs and reduce reliability. Facilitating investment in grid infrastructure, while safeguarding the interests of affected stakeholders, is therefore critical. In this context, the LCOE+ reinforces that an acceleration of permitting and approval processes is needed to meet growing demand and to enhance overall system reliability and security. The analysis also continues to reinforce the need for, and value of, a diverse generation fleet.

3. **Increasing Competitiveness of Existing Generation:** The relative economics of existing generation have improved as rising new-build costs across all technologies, together with execution challenges tied to supply chains, inflation, tariffs, permitting and macroeconomic uncertainty, have made replacement capacity more expensive and difficult to deliver. As load growth increases the need for power, existing assets are being dispatched more frequently, spreading fixed costs over greater output and improving unit economics. However, the marginal cost of operating conventional generation remains sensitive to fuel prices, particularly natural gas and coal, which increased year-over-year in this year's analysis and can fluctuate based on weather, geopolitical events and broader commodity market conditions.

4. **Storage Costs Are Rising, Reversing Recent Declines:** Lazard's analysis shows an increase in costs for standalone storage configurations, reversing last year's declines. This year, the effect of tariffs on lithium-ion battery imports has materialized, curtailing access to the low-cost Chinese cell supply that previously drove costs lower. While the OBBBA preserved the storage ITC through 2033, new Foreign Entity of Concern ("FEOC") restrictions have accelerated battery

supply chain diversification away from China, including toward Southeast Asian manufacturing capacity and domestic suppliers. Still, battery energy storage remains an important resource to address higher levels of intermittent generation.

"We've entered a speed-to-power era—demand is outpacing supply, costs are climbing across every technology, and value is shifting to whoever can deliver capacity the fastest," said Samuel Scroggins, Managing Director and Head of Renewables & Sustainable Infrastructure at Lazard. "Renewables remain the lowest-cost and quickest to deploy resource, but meeting this moment will require a diverse generation fleet."

Lazard remains committed to providing the LCOE+ as an objective, data-driven resource for industry stakeholders, policymakers and investors navigating these dynamics. To download the full 2026 Levelized Cost of Energy+ report, click here.

About Lazard

Founded in 1848, Lazard is the preeminent financial advisory and asset management firm, with operations in North and South America, Europe, the Middle East, Asia, and Australia. Lazard provides advice on mergers and acquisitions, capital markets and capital solutions, restructuring and liability management, geopolitics, and other strategic matters, as well as asset management and investment solutions to institutions, corporations, governments, partnerships, family offices, and high net worth individuals. Lazard is listed on the New York Stock Exchange as Lazard, Inc. under the ticker LAZ. For more information, please visit Lazard.com and follow Lazard on LinkedIn.

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