INSTITUTE OF THE AMERICAS | ENERGY & SUSTAINABILITY PROGRAM

POWERING 2026:

WHICH ENERGY SOURCES WILL BE PROMINENT?

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Which energy sources will be prominent?

If 2024 was the year of elections across the globe, and 2025 the year of reckoning with their policy consequences, then 2026 is shaping up to be the year of hard choices about how the world is powered. Amid accelerating electrification, rising demand from sources such as data centers, and persistent concerns about affordability, reliability, and emissions, the central question confronting policymakers and markets alike is increasingly clear: **which energy sources will prove capable of delivering power at scale, reliably and competitively?**

As we do each December, just ahead of the holiday break, the Institute of the Americas' Non-Resident Fellows convened virtually to reflect on the past year and to look ahead. We began, as is our tradition, with a celebratory toast in recognition of our collective work and engagement over the past year. That moment of reflection quickly gave way to a candid and wide-ranging discussion focused on the evolving power sector and the pressures reshaping energy systems across the Americas and beyond. Those conversations directly informed the essays collected in this year's outlook. Of course, the U.S. military's early morning capture of Nicolas Maduro barely three days into the new year did not figure in our preparations but has overflowed our WhatsApp chat in the ensuing days.

From diverse vantage points across the hemisphere and the globe, this year's contributions explore the sources of power most likely to be prominent in 2026 and beyond, as well as considerations around the developments in Venezuela.

Several essays focus on technologies gaining renewed attention—most notably nuclear energy and geothermal, both for electricity generation and for broader applications. Others take a more expansive view, examining the emergence of clean firm power as a unifying concept at the intersection of reliability, decarbonization, and economic competitiveness – and even suggesting that the changes in our energy system do not foreclose end of the world as we know it, but rather require designs fit for purpose in the local context that integrate all the elements necessary to ensure better care for our planet and a better life for everyone.

Across these perspectives, contributors grapple with a range of pressing issues: market design and regulatory reform, the competitiveness of clean energy technologies, the role of fossil fuels in a transitioning system, the growing electricity demands driven by digitalization, and the regional realities shaping power sector outcomes from North America to South America. Together, the essays reflect a shared recognition that the energy transition is entering a phase defined less by ambition alone and more by implementation, trade-offs, and system-level constraints.

We are also pleased to include contributions from graduate students at the UC San Diego School of Global Policy & Strategy and participants in our Future Energy Leaders Initiative (FELI). **Their work adds fresh perspectives to this year's outlook and underscores IOA's commitment to fostering the next generation of energy and policy leaders.**

M. Trinidad Castro

The End of the World?

In turbulent and fragmented times, with conflicts unfolding across every geography, the energy system lies at the very center of people's lives. Both the electricity required for daily living and the fuels and derivatives that allow goods and people to move from one place to another are now key elements in the quality of life for all of us.

Human history has always been shaped by the ways in which energy has been found, discovered, and created to improve human well-being. Today, we find ourselves at a crossroads where defining the energy transition is difficult, and determining a single roadmap is even more complex, since each geography faces its own unique challenges that cannot simply be replicated elsewhere.

In this context, countries like Chile —which do not have fossil fuel resources but do possess an abundance of renewable energy resources— would logically advocate for a world free of emissions based on clean and renewable energy. In fact, this is the commitment of our state: to become a carbon-neutral country by 2050.

However, this is not the reality for all territories.

For example, in Latin America we have the case of Guyana, a country that statistically lies below the poverty line but that, just a few years ago, benefited from the discovery of one of the deepest and most prolific oil fields found in recent years. This discovery is an opportunity for its population.

Would it be fair to prohibit oil extraction there for emissions and energy transition reasons, while countries in the Middle East and many others continue down the extraction path until this fuel is fully replaced? Of course not. Each reality is different, and while we need a global vision, we must act locally. Therefore, we must seek balance.

To do so, we can rely on a powerful conceptual framework: the energy trilemma, which promotes balance among equity (access), security, and sustainability within any energy system.

We are currently living through a "supercycle" of electrification, driven and accelerated by the rapid growth of digital societies and artificial intelligence. Nevertheless, a fully electrified future is neither immediate nor inevitable.

We know that energy transitions are neither linear nor uniform. Each country and its regions advance at different speeds, closely tied to differences in economic, social, political, and structural realities.

To realistically and efficiently design energy systems in which public policies truly respond to these needs, it is essential to recognize these differences and seek solutions grounded in the local reality of each territory.

It is clear that today we are experiencing a rapidly changing world. It is not the end of the world, but it is the end of the world as we know it—especially in terms of our energy system.

Therefore, as we speculate on future energy systems, we must be capable of designing it with all the elements necessary to ensure better care for our planet and a better life for everyone.

Marta Jara

Assessing the Complexity of Competitiveness

Power demand is likely to continue straining many electric systems, not because of a lack of generation capacity, but because transmission infrastructure is becoming saturated. Electricity consumption is rising as end-user needs increasingly replace fossil fuels —most visibly in transport and heating— but also due to the rapid expansion of data processing and digital services. At the same time, as the generation mix incorporates higher shares of intermittent renewables, the grid itself is increasingly expected to function as a form of "storage," absorbing variability that it was not originally designed to handle.

When discussing the competitiveness of power sources, it is therefore no longer sufficient to look only at price. Affordability remains a sine qua non condition, but timing is becoming an equally decisive factor. Long lead times for transmission and distribution upgrades mean that electrons may be unable to reach users for seven to eight years after generation capacity is technically available. At that point, energy that cannot be delivered becomes, quite literally, the most expensive energy of all.

In Latin America, transmission constraints have already moved from a future concern to a present-day economic issue. According to the Inter-American Development Bank, renewable energy curtailments across the region reached approximately 53 TWh in 2024, equivalent to about 3.2% of total electricity generation, with annual economic losses estimated at roughly US$7 billion. These curtailments are not the result of insufficient generation but of congestion, system strength limitations, and delayed grid reinforcements.

Country-level examples illustrate the pattern.

In Chile, where solar and wind capacity has expanded rapidly in the north, curtailment of variable renewables reached around **6–7% of total national generation in 2024,** driven by persistent congestion between resource-rich northern zones and the central demand hub.

In Brazil, the pace of wind and solar deployment in the Northeast has outstripped transmission expansion, leading the system operator to increasingly rely on "constrained-off" generation, with some months showing double-digit curtailment rates for solar output.

In Colombia, the development of world-class wind resources in La Guajira remains effectively halted by the delayed commissioning of the Colectora transmission project, without which more than 2 GW of renewable capacity cannot be fully integrated.

Similar bottlenecks are emerging in Mexico, Argentina, and parts of Central America, where aging grids and slow permitting processes limit the ability to absorb new demand and clean supply.

Competitiveness attributes are further intertwined in a complex fashion. Affordability and timing are closely linked, but other, less technical factors also weigh heavily. Permitting processes, for instance, reflect institutional capacity: they must be transparent and agile while still meeting the requirements of independent technical assessment and environmental protection. Policy uncertainty introduces another layer of risk. Low-emissions solutions are not always the lowest-cost options in the short term, yet they hedge against a future in which the path to net zero once again sets the direction of markets and regulation.

Adding to this competitiveness matrix, geopolitical risk affects all of the above—shaping cost of capital, supply-chain reliability, and ultimately decisions on where to site energy-intensive projects with long payback periods. **As one leading data-center developer recently put it, the energy cost to run AI (per token of computation) is on the order of 1%, making affordability a subordinated criterion relative to availability, reliability, sustainability and speed to connection.**

As we enter the second quarter of the century, electrifying everything is no longer a theoretical ambition—it is now colliding with the physical limits of transmission and distribution infrastructure. This moment calls for strategic thinking from policymakers and investors alike. What is built today—high-voltage corridors, substations, system-strength assets, and regulatory frameworks—will define not just competitiveness, but economic resilience and decarbonization pathways for decades to come.

Carla Lacerda & Nelson Narciso*

A View from Brazil: Post Cop-30 Considerations for the Energy and Renewable Electricity Sector

The Dubai COP-28 commitment marked a turning point in global climate diplomacy. With its call to "triple up renewables, double down on energy efficiency, and transition away from fossil fuels," Dubai forged a political consensus: the energy transition is no longer defined by intention but by the scale and speed required to deliver it. Yet, while Dubai attempted to accelerate the pace of energy transition, it did not define the pathways through which countries can realistically achieve it.

This is where COP30 in Belém becomes especially significant. The focus shifted away from announcing new ambitions to developing national roadmaps capable of translating global consensus into country-specific trajectories. Brazil added its own objective with "quadruple use of biofuels" as part of its roadmap. These roadmaps are essential for aligning political commitments with the economic, regulatory, and operational realities that shape each nation's energy system. To be clear, the roadmaps are far from being defined, however, one of the key objectives of the post-COP30 Brazilian-led organizing committee is to continue engagement with the global community to further implement solutions.

The Abundance Dilemma: Curtailment and the Modernization of Brazil's Power Sector

Brazil is blessed with a variety of renewable resources, including abundant opportunities for solar and wind power generation. However, one of the unintended consequences of a rapid renewable expansion in the electricity sector is curtailment. Even when sun and wind are abundant, part of the energy produced cannot be absorbed by the system. Because the National Interconnected System (SIN) was structured around large hydropower plants, which provide stability, the entry of large volumes of intermittent sources has reduced this natural stability. As a result, the National Operating System (ONS) is forced to curtail some production from large wind and solar farms and keep inflexible thermal plants online to preserve grid stability. **As the system now operates with 84.5% of installed capacity coming from renewables, the volume of compulsory generation cuts imposed by the ONS has increased. Projections indicate that by 2029, average annual curtailment may exceed 20% of solar generation.**

ONS data shows that the combined capacity of wind, solar, and distributed microgeneration rose from 41 GW in 2021 to 87.7 GW in 2025. Distributed generation alone already accounts for about 46 GW connected to the grid. Much of this energy enters the system without full operational control, making the balance between supply and demand more complex throughout the day. **With a smaller safety margin, the need for intervention increases. In this context, distributed micro- and mini-generation — now totaling 38.1 GW installed— has begun to exert a direct, though less visible, impact on system operations. By affecting net load during the day, it limits the available space for centralized generation.**

To address this situation, planning by the ONS and the Ministry of Mines and Energy has been organized into three fronts:

- **EXPANDING TRANSMISSION INFRASTRUCTURE**
  Plans include 5,301 kilometers of new transmission lines and 24,314 MVA of substation capacity to receive and distribute energy, with a focus on reducing bottlenecks, especially in the Northeast and in Minas Gerais.

- **INCREASED FOCUS ON OPERATIONAL MANAGEMENT**
  The goal is to increase control over distributed energy resources and revise plant operating rules to reduce asymmetries and increase system predictability.

- **STRENGTHEN COORDINATION BETWEEN THE ONS AND DISTRIBUTION COMPANIES**
  The proposal is to give utilities a more active role in operations, enabling distributed generation to contribute to grid stability rather than strain it.

The paradox is clear: the more successful renewable expansion becomes, the greater the risk of curtailment unless planning, regulation, and system operation adapt quickly. This is not a Brazilian issue alone — it is a global phenomenon, recognized and analyzed by the International Energy Agency (IEA). Since it published a Fact-Sheet on wind power in February 2025, the IEA has broadened its focus to analyze and further develop the methodology to assess the impact of wind and solar power on energy systems, based on learnings from a collaboration network of 17 countries impacted by curtailment.

The task ahead is to ensure that the momentum created in Dubai, and partially discussed during COP-30, is matched by practical, implementable pathways. Post-Belém offers the opportunity to turn consensus into action, ambition into alignment, and renewable success into system-wide transformation, as each country strives to find the choices and solutions to this roadmap. The expansion of renewables has made it clear that Brazil's challenge is no longer the energy transition itself, but making the power system more flexible, digital, and coordinated.

Andres Chambouleyron

Alternative Power Generation Sources: Balancing Security, Reliability, and Risks

Global electricity demand is projected to grow 3-4% annually by 2030 according to the International Energy Agency, primarily driven by transportation and home heating, data centers and AI-related activities, and industrial expansion in developing countries. Meeting that demand growth with reliable energy supply however will require evaluating sources across three key aspects: energy security (resilience to fuel or resource disruptions), reliability in the form of both firmness (dispatchability and dependable availability) and volatility (fluctuations in output or fuel prices), and overall risks (environmental, operational, geopolitical, etc.). As discussed below, energy sources carry different trade-offs along these risk factors.

Fossil fuels provide traditional reliability but carry drawbacks. Oil delivers high firmness as back-up or baseload generation, strong dispatchability, with high energy security in countries with domestic reserves. However, output volatility may arise due to supply chain disruptions, and price volatility stemming from geopolitical risks (e.g. Ukraine, Iran, Venezuela). Major environmental risks include leaks, air pollution and high carbon emissions.

Natural gas offers excellent firmness through rapid (up and down) generation ramping, making it ideal for peaking and balancing intermittent renewables. Energy security has improved with diversified LNG supplies, though it remains vulnerable to extreme weather (e.g., pipeline freezes) and geopolitical shocks (e.g., 2022 supply crisis in Europe). Volatility is high due to global market swings and methane price sensitivity. Overall risks involve greenhouse gas leaks and infrastructure lock-in.

Nuclear power excels in firmness, achieving 90-100% capacity factors for steady baseload output. Additionally, energy security is outstanding, with uranium stockpiles that last years, and supply chains that are diversified. Output volatility is minimal as plants run independently of weather. Other advantages include zero operational emissions. However, risks encompass rare but severe accidents (e.g., Fukushima), long-term radioactive waste management, and proliferation concerns.

Hydroelectricity provides strong firmness with reservoir storage enabling dispatchability similar to batteries. Energy security is high (water-driven), though volatility increases during droughts, as seen in recent global shortfalls. Risks involve ecosystem disruption, and displacement from dam construction.

Wind and solar dominate new capacity with infinite energy security (i.e. no fuel required). However, both suffer low inherent firmness due to intermittency: wind varies with weather (capacity factors 12-47%), and solar is daytime-only. This creates high output volatility, risking voltage and frequency imbalances without backups. Risks include land use conflicts, and supply chain vulnerabilities due to lack of critical minerals.

Biomass is dispatchable, providing moderate firmness, but energy security depends on sustainable feedstock chains. Biomass is also volatile due to availability and pricing. Risks include competition with food production and deforestation if poorly managed.

Battery Energy Storage Systems (BESS) on the other hand, are not primary generators but act as critical enablers. Deployments are surging (approaching 100 GW globally in 2025), enhancing firmness by time-shifting energy, providing instantaneous frequency response, and stabilizing grids amid rising focus on renewables. BESS improves energy security through backup capability and reduces fossil dependence during shortages. It mitigates output volatility of wind/solar by storing excess energy and discharging that energy on demand. As such, BESS advantages include flexibility and rapid response. However, risks involve concentrated mineral supply chains (which require lithium, cobalt, etc.) and degradation over cycles, limiting lifespan.

In conclusion, no source is risk-free. Fossil fuels offer firmness but heighten environmental and volatility risks. Nuclear and hydro provide inherent reliability with lower emissions but face unique hazards. Renewables minimize fuel risks yet require storage to achieve firmness. In a high-demand future, diversified energy source portfolios, with the integration of storage, are essential for resilient, secure electricity supply.

Chris Sladen & Leonardo Beltran

Has the Decade for Geothermal Arrived?

Vast global potential

Geothermal can add vast resources for clean power generation, heat & cooling, energy storage, hot water and potentially critical minerals from produced fluids. It can create energy baseload available 24/7/365 without the issues of weather dependency. Whilst subsurface temperature profiles vary laterally and vertically, and can be geologically complex, geothermal is available everywhere, depending on the technology used, and what depths you are prepared to drill.

Awareness of the opportunity that geothermal presents has grown by orders of magnitude in recent years, together with realization that geothermal is often much more about heat use than power generation. Geothermal can help meet Net Zero decarbonization challenges, offering energy security & independence, whilst reducing fossil fuel consumption and improving air quality.

Geothermal use for power generation is still limited, estimated at no more than 20 GW globally, but there are around 175 GW of heating applications. The IEA estimates around 600 TW of global power potential, accessible by using ultra-deep drilling at depths not yet tested, placing it second amongst renewables for potential, after solar. Estimates of heat availability indicate over 100 years supply.

What are the investment levels?

Geothermal has often relied heavily upon government funding schemes, grants, research support, and guaranteed product pricing. Private investors have often wanted to see public support and investment before they come forward. Consequently, geothermal has fallen a long way behind the rapid rollout of wind, solar and battery storage as a renewable investment choice.

Investment in geothermal is growing strongly, ~20% per year over the last 5 years, and capex deployment in 2025 is estimated around US$6 billion. Even so, this is tiny compared to total clean renewables investment of US$~1 trillion in 2025, and oil & gas US$~0.8 trillion. Investors remain wary of geothermal project execution risks, subsurface risk, and high initial drilling costs. Even so, in 2025, new geothermal technologies attracted US$ ~2bn of commitments, up 40 times from 2020.

Geothermal investment opportunities exist throughout the Americas and Caribbean. These include parts of the Pacific Ring of Fire, stretching from Chile in the south through Bolivia, Ecuador, Peru, Colombia, then central America (for example Costa Rica, Nicaragua, El Salvador and Guatemala), then continuing northwards through west & central Mexico, the western USA and onward into western Canada. This is a gigantic resource base with high temperature fluids (75-315oC) suitable for power generation often at relatively shallow depths (<2kms). Many Caribbean islands, for example, Dominica, Guadeloupe, St. Kitts & Nevis, and Martinique each have exciting potential.

Geothermal remains a very long way off matching wind or solar investments. There are many projects taking off, but it's not a gold rush, or oil boom; it's not a slam dunk! The future decade looks extremely promising with vast numbers of heat and power projects attracting investors. Innovation, often driven by oil & gas sector expertise, has led to immense technology variation and different permutations from project to project, but little standardization.

The industry, as a general statement, has over-promised creating a reputation problem. In each of the last 6 years, geothermal has under-delivered. In total, ~1,600 MW of new power generation was created globally versus an expectation of ~4,200 MW. For comparison in 2025, the USA alone, added ~62,800 MW of new power capacity, with utility scale solar ~32,500 MW, wind ~7,700 MW, batteries ~18,200 MW and natural gas ~4,400MW.

Geothermal must quickly bring down drilling costs, deliver projects faster, improve subsurface reservoir & fluids prediction, and apply technology solutions. Barriers to processing geothermal fluids for direct lithium extraction and other strategic minerals need to be overcome swiftly. Each of these can create more commercial projects and added value. Retrofitting millions of old onshore oil & gas wells to extract heat and hot water could revolutionize how geothermal is viewed and breakthroughs in scaling-up the use of warm water in abandoned coal mines could transform low grade heat in many countries.

Lessons learned from Europe

The Russia/Ukraine conflict has highlighted the vulnerability of Europe to external supply-side energy disruptions, with ~11 bcf/d reduced supply of natural gas by pipelines from Russia and imports of oil products and coal also halted. Whilst imports from elsewhere, particularly LNG from the USA and Middle East, and piped gas from Norway, have made up for the gas shortfall, the importance of domestic production of clean energy for heat and power across Europe is now paramount. Geothermal, in all its forms, has stepped up to partially fill that role.

In 2024, Europe had ~44 GW of installed geothermal capacity; of this, ~1 GW was power, ~37.5 GW geothermal heat pumps, and ~.5 GW district heating & cooling. An additional 50 GW is targeted for 2030, and ~250 GW by 2040. A European Geothermal Strategy and Action Plan is set to be published in Q1 2026, as well as a Heating and Cooling Strategy. Political support has been built across the continent through a European Geothermal Charter with national roadmaps to remove barriers, accelerate investments and build local supply chains. **Some 50 geothermal power plants are under development, with ~200 in the design stage e.g. in France, Germany, Italy, Croatia, Hungary & Turkey. Meanwhile, direct extraction of lithium from geothermal fluids are advancing at pace in Germany.**

Europe has highlighted the need for faster and more efficient permitting processes, financial instruments including guarantees and grants to de-risk investments, and geothermal-specific Contracts for Difference (CfDs). Agreements with key consumers are being developed - cities, manufacturing industry, data centers, housing associations, district heating providers, agriculture, and defense sectors.

Advancing Mexico's use of geothermal power

Mexico is the world's seventh-largest geothermal power producer, with an installed capacity of ~976 MW, starting in 1959 with wellhead temperatures usually >150oC; resources are mostly towards the west, and across a central east-west belt. Despite this achievement, the country harnesses only **~10%** of its proven reserves, and only **~1%** of power generation is from geothermal. This underutilization is striking, particularly given it is one of the few clean energy sources providing firm, baseload power.

For geothermal in Mexico, the levelized cost of energy (LCOE) is competitive: **at the lower end of estimates, geothermal power can compete directly with nuclear, offshore wind, and even coal; at the higher end, it remains competitive with combined-cycle natural gas power plants.** This makes geothermal power a strategic asset for Mexico's energy transition, energy security, and long-term cost stability.

Advancing Mexico's use of geothermal heat

An even more accessible and underexplored energy opportunity lies in the direct use of geothermal resources for heating and cooling. Unlike electricity generation, direct geothermal applications - such as geothermal heat pumps - do not require high temperatures and can be deployed across most of the country. Despite this, Mexico has very limited experience. Detailed geological analysis shows a near-ubiquitous resource base that could be leveraged for residential, commercial, agricultural and industrial heating and cooling applications.

Several barriers constrain the development of direct use geothermal, even after recent enactment of the new Geothermal Act. While the law now includes a positive provision that exempts small-scale direct-use geothermal projects from requiring a full permit - requiring only prior notification to the relevant authority - important regulatory frictions remain at the local level. Drilling below one meter requires a special construction permit from the local authorities. This requirement typically adds hundreds of dollars to project costs and, when combined with the upfront expenses associated with drilling, pipes, and specialized labor, becomes a material barrier for households and small developers. These costs are especially prohibitive for low-income users, precisely the group that could benefit most from lower and more stable energy expenditures.

The economic and social opportunities of direct geothermal use are substantial. Estimates indicate that geothermal heat pump systems can reduce cooling costs by up to 50% during summer months and heating costs by up to 70% during colder periods. For low-income households, these savings can represent a meaningful share of total household income, contributing directly to energy affordability while reducing exposure to volatile fossil fuel prices. A mix of fiscal incentives and financial instruments can support both retrofits and new construction. These measures can lower upfront costs, reduce investment risk, and build consumer confidence.

Scaling-up geothermal in Mexico

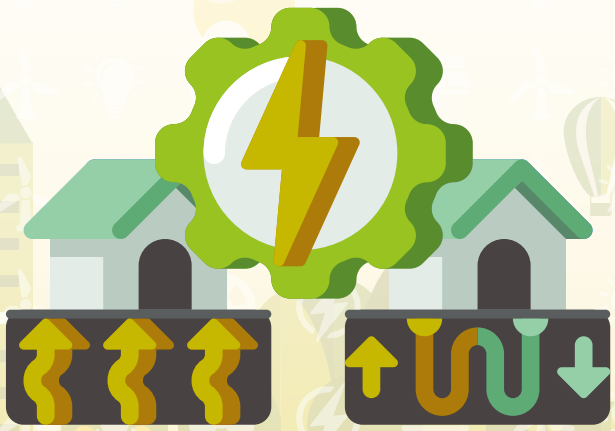
Coordinated action across three federal institutions can create a rapid deployment of geothermal at scale:

- **MINISTRY OF ENERGY/SENER**
  Align geothermal policy with objectives on energy security, affordability, and industrial development by streamlining permitting and reducing administrative friction, particularly at the local level, for geothermal power and direct-use applications, including shallow drilling for heat pumps, and by explicitly prioritizing geothermal within national energy planning.

- **FEDERAL ELECTRICITY COMMISSION/CFE**
  Position geothermal as a clean, firm pillar by integrating it into generation expansion and system reliability planning; acting as an anchor off-taker or project sponsor; and ensuring geothermal technologies are eligible and visible in renewable energy calls for proposals.

- **MINISTRY OF FINANCE AND PUBLIC CREDIT/SHCP**
  Support energy policy through targeted fiscal and budgetary instruments such as tax incentives, accelerated depreciation, expensing exploration costs, offering guarantees, and blended-finance facilities to reduce upfront costs, mobilize private investment, and public-private partnerships.

If these actions are aligned with national priorities, geothermal can move from an underutilized resource to a strategic cornerstone of Mexico's clean, firm, and domestically sourced energy system. This will create competitiveness, resilience, and long-term decarbonization.



Guido Maiulini

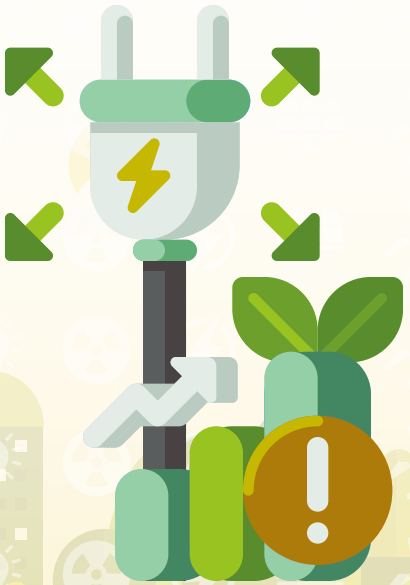
A View from Argentina: Electricity Market Reform and the Role of Regional Integration

Following Argentina's 2001 crisis, the regulatory framework established in the 1990s under Law 24.065 was subjected to successive "exceptional" measures. Over time, this led to a highly unusual —perhaps even unique, regionally and globally— operational configuration for the Argentine electricity system. As successive restrictions, including controls on access to the foreign exchange market, constrained the flow of value through the system, the role of CAMMESA expanded significantly. The system operator ultimately assumed responsibilities well beyond its original mandate, including —most notably— the commercial and logistical management of fuel supply for all of the country's thermal power plants.

While energy costs in Argentina today are not significantly out of line with regional averages, disinvestment in the sector has reached alarming levels. The consequences are increasingly evident in terms of energy security, system reliability, and the underutilization of the country's vast resource base.

In November 2025, the Energy Secretariat issued Resolution 400, which offers a more encouraging outlook for renewed investment in the electricity sector. At the same time, it proposes a revised regulatory framework that signals a shift in a critical area for achieving lower costs, greater energy security, and reduced emissions intensity: regional integration.

The new guidelines pursue clear and explicit objectives. These include: **(i) the establishment of effective price signals for electricity demand, and (ii) a remuneration system for electricity supply based on marginal costs. Together, these measures are intended to facilitate the contracting of energy and capacity, allowing demand to manage its supply through bilateral contracts rather than administrative mechanisms. In essence, the framework represents a return to market-based principles.**



However, the proposed reconfiguration faces a significant challenge related to fuel supply for thermal power generation. Argentina's Gas Plan, now in its second iteration, will remain in force until December 31, 2028. In a key policy decision, the authorities have determined that existing contracts under this incentive scheme cannot be breached in order to accelerate the contractualization of supply and demand. Since November 1 of last year, thermal generators have been permitted to manage alternative fuels to natural gas, and beginning January 1, 2029, they will assume full responsibility for managing their fuel portfolios. During the transition period, CAMMESA will continue to manage the transportation and supply of natural gas contracted under the Gas Plan.

To promote competitive dynamics, the reform also introduces the creation of two distinct markets —spot and long-term— for both energy and capacity. Seasonal distribution demand will continue to be governed by a specific regulatory regime.

Finally, the new framework authorizes the import and export of electricity under firm contracts between companies. This decentralization represents an important step toward greater cross-border efficiency. While such agreements must comply with the system's economic dispatch rules and least-cost criteria, and will require further detailed regulation, the direction is significant.

Given Argentina's geopolitical position, this reform opens the door to the development of multilateral electricity integration schemes across the Southern Cone. In a region increasingly shaped by energy security concerns and climate constraints, deeper electricity integration could position Argentina not only as a more reliable domestic market, but as a stabilizing anchor for regional energy flows.

Francisco X. Salazar

A View from Mexico:
At the Crossroads between Control and Confidence

Mexico's 2024–2025 energy reform set the stage for a more state-centric but still mixed model that will shape the sector's evolution in 2026, especially in electricity, where private investment is needed to meet rising demand and support the energy transition. Although the new framework is more restrictive than the 2013–2014 reform, it improves on the climate of uncertainty experienced under the López Obrador administration and opens a cautiously regulated space for private participation.

The constitutional changes of late 2024 and the new energy laws and regulations issued in 2025 reassert the State's role as strategic planner and give CFE and Pemex a privileged position as State Public Enterprises. Unlike the 2013–2014 market-oriented model, planning is now binding, regulators have been absorbed into the federal administration, and private projects must align with sector plans and policy priorities such as energy sovereignty and justice. For 2026 this means investors face a more centralized decision-making structure, but also clearer information on who decides and on what basis, particularly in electricity.

On the positive side, the October–December 2025 call for private generation projects is relevant not only as a design but in its concrete outcomes. The process attracted 98 expressions of interest totaling 13,614 MW, and after technical, social and environmental screening 20 projects were approved, adding 3,320 MW of new generation and 1,488 MW of storage, with an estimated investment of about US$4.75 billion. These projects comprise 15 solar plants and 5 wind plants, spread across five regions and eleven states, and cover between roughly one quarter and four fifths of the capacity initially offered in each region, with most of the new capacity scheduled to enter into operation in 2028. This outcome signals that private investors are willing to participate under the new rules when the government provides clear procedures, timelines and a coordinated interface through the single project window.

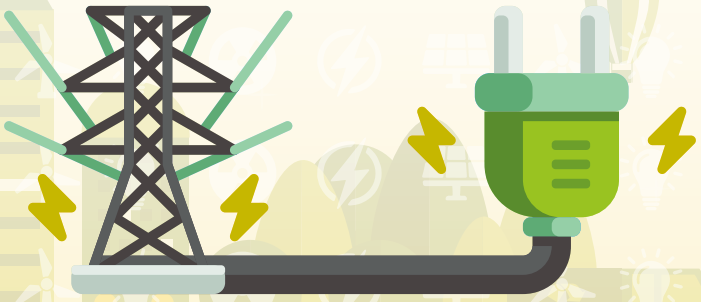
This call is consistent with PLADESE 2025, which foresees 28,004 MW of new capacity between 2025 and 2030, of which about 17,000 MW will be developed by CFE. In this framework, CFE is expected to concentrate on firm and large-scale clean generation and on grid reinforcement, while private developers complement the expansion with renewable and flexible capacity aligned with official planning. A key issue for 2026 is whether the federal government will turn this scheme into a recurring instrument, giving the market a predictable pipeline of opportunities instead of an isolated opening.

At the same time, a warning sign comes from the draft guidelines on "voluntary and expedited migration" of legacy self-supply, cogeneration and IPP schemes to the new figures provided in the electricity law. The draft would tightly circumscribe the commercial and operational continuity of legacy permits and leave broad discretion to authorities in redefining contractual conditions, which investors interpret as a threat to asset value and bankability. If approved with only minor changes, these rules could spill over into perceptions of risk for new projects, offsetting the positive effect of the 2025 call just as 2026 investment decisions are being made.

By contrast, regulatory activity in hydrocarbons has remained limited. Beyond financial support and restructuring efforts for Pemex and the recent announcement of "mixed contracts" for exploration and production, there is no comprehensive new regulatory package comparable to electricity, nor a clear roadmap for the role of private companies in midstream and downstream infrastructure.

For 2026 the main uncertainty is whether the government will define a more explicit policy toward private participation in transportation, storage and upstream activities, or whether hydrocarbons will continue along a path of incremental, case-by-case interventions centered on Pemex's financial and operational needs.

Taken together, these elements suggest that 2026 could be a turning point: either the government consolidates a workable balance between state predominance and disciplined private participation, or regulatory ambiguity erodes investor confidence in the context of tightening capacity margins. **Transparent and recurrent generation calls, credible protection of existing investments – including a more proportionate migration regime – and a clear priority for CFE's grid expansion will be essential to align Mexico's energy sector with its economic and climate objectives.**



Leonardo Beltran

A View from Outside Mexico: Mexico in the North American World Cup of Fossil Fuels vs Renewables

From the outside, Mexico enters 2026 in a paradoxical energy and economic position. It is endowed with some of the world's best solar and wind resources, deeply integrated into North American manufacturing, and increasingly exposed to electricity-intensive growth from nearshoring and data centers. Yet it also faces institutional uncertainty, regulatory friction, and rising risk premiums that slow the translation of potential into investment.

In the North American "World Cup" between fossil fuels and renewables, Mexico should be structurally advantaged on the clean side. Levelized costs of solar and wind are among the lowest in the hemisphere, natural endowments are exceptional, and operating costs are relatively low. In purely techno-economic terms, renewables should be winning. The challenge is not technology or cost, it is institutions.

This tension is unfolding in a more fragile global context. International institutions converge on a 2026 environment of slower growth, geopolitical fragmentation, and heightened sensitivity of capital flows to political and institutional risk. Mexico is unusually exposed: over 80 percent of its exports go to the United States, manufacturing dominates its export base, and investment is tightly linked to trade and regulatory conditions. This creates high upside, but also high vulnerability. The coming USMCA review adds another layer of uncertainty precisely at a moment when firms are deciding where to place long-lived capital.

Financial markets are already reflecting this shift. For years, Mexico traded at a structural premium to most emerging markets, reflecting institutional credibility and reform momentum. Since around 2020, that advantage has eroded, and Mexico is now priced as the emerging market average. This repricing is not driven only by global volatility. It reflects domestic developments: **weakening of energy and competition reforms, politicization of institutions, rising insecurity, fiscal pressures, and regulatory unpredictability. The modest improvement in sentiment following the change in administration in late 2024 reflects better tone and engagement, but markets are waiting for durable institutional signals, not just rhetorical shifts.**

The first private generation round under the Sheinbaum administration illustrates both progress and persistent friction. The process approved 20 projects totaling 3.3 GW of generation and 1.5 GW of storage, with nearly US$5 billion in estimated investment and broad geographic distribution across the country. This confirms strong investor interest and the commercial viability of renewables in Mexico. However, at least two projects that initially submitted binding expressions of interest ultimately withdrew before final award, signaling that regulatory and procedural uncertainty continues to deter some developers. The round revealed several structural constraints: very short timelines disconnected from project realities; new regulations that took time to be issued and still contain gaps, increasing transaction costs and uncertainty; unclear policy triggers for final investment decisions; a widespread wait-and-see mode among investors in the face of tariff risks, trade uncertainty, and the USMCA review; a cooling of economic activity that reduces demand visibility; and weak confidence in the judiciary as a reliable mechanism for conflict resolution.

The result is a paradox: projects exist, capital is interested, but confidence in the system remains incomplete.

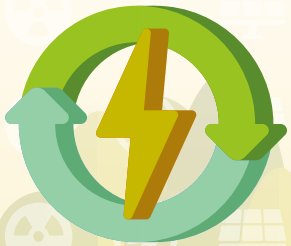
Despite this, the structural case for renewables in Mexico remains overwhelming. Solar and wind offer lower levelized costs than new fossil generation, no fuel price volatility, faster construction timelines, and strong alignment with corporate decarbonization requirements. Storage and flexible demand are increasingly addressing intermittency, while grid modernization can further enhance reliability. Fossil fuels, by contrast, face rising carbon, regulatory, and geopolitical risk. Over time, they struggle to compete on cost, simplicity, and strategic relevance.

Thus, in the World Cup framing, renewables are winning on fundamentals, but not yet on institutions.

From the outside, Mexico's 2026 outlook is therefore not constrained by resources, technology, or capital. It is constrained by credibility. If Mexico can deliver predictable rules, credible regulation, judicial reliability, and policy continuity, particularly in energy, infrastructure, and trade, it can convert its extraordinary renewable endowment into a competitive advantage for nearshoring, industrial growth, and long-term prosperity.

If not, it risks remaining a high-potential but underperforming player: rich in resources, competitive on paper, but held back by uncertainty.

Powering 2026 is less about choosing between fossil fuels and renewables, and more about whether Mexico can build the institutional foundations that allow the clean option to win not just technically, but economically and politically.



Cecilia Aguillon

AI, Data Centers, and Their Impact on U.S. Power Markets in 2026

The rapid proliferation of artificial intelligence (AI) technologies and the construction of new data centers across the United States are set to fundamentally disrupt the nation's electricity markets in 2026. This unprecedented growth could lead to one of two outcomes: innovative and diverse business models, or a rebellion from voters burdened by rising electricity costs.

AI and data centers are widely recognized for their role in driving innovation and economic development at an accelerated pace. However, their high energy demand is contributing to noticeable increases in consumer prices as costs of grid upgrades and electricity procurement are typically shared by all ratepayers. This dynamic presents a significant challenge for the United States, as policy makers face pressure to support rapid expansion of AI without exacerbating consumer costs.

Policy Considerations and Market Structure

Policymakers will need to reevaluate the structure of power markets and facilitate new business models to keep electricity affordable, reliable, and sustainable. In the short term, distributed generation (DG) is expected to play a more prominent role through substantial investments in solar, wind, microgrids, and storage technologies. DG systems can be deployed in a matter of months rather than years, providing flexibility and speed in addressing new power demands.

Microgrids, which can power all or part of a data center independently from the grid, offer stackable and flexible solutions utilizing both natural gas and renewable energy. Advances in battery storage technologies are facilitating greater integration of renewables, enabling power supply reliability. Leading AI companies such as Amazon, Google, Microsoft, and Meta are already investing billions in renewable energy and microgrids to secure power supply and mitigate public opposition. These companies will undoubtedly increase their investments in DG in 2026.

Challenges with Grid Infrastructure and Regulation

The U.S. grid has suffered from decades of neglect, and obtaining interconnection permits for large-scale power plants can take up to 10 years. Efforts to electrify more sectors of the economy, including the rising adoption of electric vehicles, are placing additional strain on local grids. Despite these pressures, federal and state governments have recently been undermining DG markets by withdrawing fiscal incentives and adding burdening regulations. Rather than hindering the growth of rooftop solar, regulators and utility companies should consider redesigning incentives and supporting virtual power plant (VPP) programs, which allow consumers to help stabilize local grids using their own energy storage units. **States like California have implemented VPP pilot programs and found that home batteries and EVs along with demand response programs offer benefits during peak demand hours.**

Utilities should begin to see and treat rooftop solar as a grid-balancing asset, not just as a departing load. Electricity generated and distributed to homes and businesses can be redirected to data centers while consumers self-generate, allowing DG to enhance energy reliability across the entire system. A single data center can use as much electricity as a city like San Francisco, easily surpassing the demand loss of self-generating consumers.

Potential Consequences Without Reform

If reforms are not implemented, the current power market may become unsustainable and intensify public unrest. Consumer groups will likely continue filing complaints with regulators and increase lobbying efforts across state legislatures in the new year. While consumer revolts related to electricity costs may not include pitchforks, voters can end political careers and aspirations at voting booths next November.

Many politicians, including candidates for governor and other state offices are pledging to reduce electric bills. Some, particularly in New Jersey and Virginia, recently won gubernatorial elections on promises including making electricity affordable again. Rising prices on food or other commodities are difficult to address at the local level, not so with electricity prices as they are set by the states. It is important to remember that a governor was recalled in California in 2003 due to an electricity crisis marked by supply shortages and extremely high prices. Energy affordability is likely to remain a focal point throughout this year's electoral cycle.

Opportunities for Collaboration and Solutions

Collaborating with consumers and promoting successful DG programs, while investing in large-scale grid infrastructure and firm power could help alleviate public dissatisfaction. Ignoring these challenges may result in a more pronounced backlash against policymakers, utilities, and the AI sector.

Rio Namegaya

A View from Graduate School: From Negotiation to Implementation in Climate Finance

Over the last 17 months, I have learned the complexity and region-specific nuances in environmental economics, policy, and politics through my graduate studies in environmental policy at the University of California San Diego, School of Global Policy and Strategy. Here is my outlook on climate finance for the energy transition through my curious and concerned eyes:

COP30 was framed as an "implementation COP," expected to clarify pathways for the collective climate finance goal of reaching a minimum of US$1.3 trillion per year for developing countries by 2035. The conference delivered progress on scaling up adaptation finance and operationalizing the loss and damage fund. Despite these agreements, it failed to make meaningful progress in the most crucial climate mitigation issue: the global energy transition away from fossil fuels. This omission is consequential.

Yet beyond the inertia of formal negotiations, several initiatives launched shed light on emerging pathways for scaling climate finance for the energy transition. **The global coalition Mission Efficiency launched a "Plan to Accelerate Doubling Energy Efficiency (PAS)", laying out a roadmap to achieve doubling energy efficiency by 2030 as pledged at COP28. In parallel, the Utilities for Net Zero (UNEZA) Alliance, established at COP28, announced that leading global utility companies will raise their pledged amount to approximately US$148 billion per year for energy transition investments, according to the International Renewable Energy Agency.**

Crucially, UNEZA represents an extensive public-private partnership in which utilities, rather than governments, anchor long-term demand as credible buyers. This model strengthens investor confidence and improves the risk-return profile of clean energy investments, creating conditions that are inherently more attractive to private capital.

UNEZA's approach is particularly relevant for Latin America, where abundant renewable energy potential exists alongside fiscal constraints, macroeconomic volatility, and regulatory uncertainty. Countries such as Mexico, Chile, Costa Rica, and Brazil have achieved notable renewable deployment, yet scaling the energy transition remains constrained by limited public finance and elevated investment risks. Predictable demand and revenue streams can therefore alleviate investment impediments not through political commitment but through market signals.

Multilateral development banks (MDBs) have an increasingly critical role to play here. While the World Bank and the Inter-American Development Bank (IDB) usually provide supportive roles, their comparative advantage also lies in mitigating foreign exchange risk, political and economic uncertainty, and regulatory instability that have deterred private investors in the region. At the same time, CAF – Development Bank of Latin America and the Caribbean – can play a complementary role, particularly through its regional focus, emphasis on urban resilience, and its capacity to operate in environments where project risk and institutional constraints remain elevated.

To do so effectively, however, MDBs may need to embrace a structural shift in how they engage with public-private partnerships. Bundling renewable generation, grid expansion, and storage investments into coordinated, multi-year investment programs —rather than financing individual projects in isolation— allows MDBs to influence investment climates and unlock scale more efficiently and effectively. This plan would also facilitate continuous interventions and coordination across MDBs operations and expand the mobilization of private finance across multiple Latin American markets that share similar risk profiles. The policy continuity and stability led by the MDBs will ease the risks for private investors and accelerate financing for Latin America and the Caribbean through their energy transition.

Ultimately, the momentum required to phase down fossil fuels will not be driven by politically negotiated language alone, but by tangible implementation grounded in mobilizing large-scale finance for renewable energy systems and grid infrastructure. **For the energy transition, the need to implement institutional and structural changes is clearer and more urgent than ever. For Latin America and the Caribbean, those changes can benefit the economy and address the region's energy trilemma.**

Paul Youngblood

A View from Graduate School: Whither Natural Gas

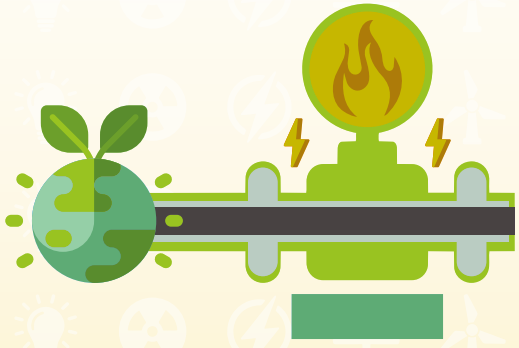
Natural gas continues to be discussed as a reliable and affordable baseload energy source across Latin America and globally. Unlike coal and oil, natural gas has the potential to be significantly decarbonized, allowing it a place in discussions of long-term energy systems. **As countries pursue renewable buildouts and electrification, gas use is planned for grid stability, industrial demand, and energy security - roles that will remain critical far beyond 2026.**

Recent developments and impending projects for 2026 primarily revolve around interconnectedness and security. Cross-border pipelines, LNG export and import facilities, and shared infrastructure are tying national energy systems together throughout the region.

Argentina's LNG export ambitions tied to Vaca Muerta have entered a more pragmatic phase. While Shell's withdrawal from the YPF-led Argentina LNG project in December 2025 highlighted the financing and technical aspects related to large-scale LNG development, a separate project seeking to plug Argentina into the LNG export market has been advanced by Southern Energy, a consortium led by Pan American Energy (PAE) alongside YPF, Pampa Energia, Harbour Energy, and Golar LNG. Southern Energy is developing a modular, phased approach that leverages floating liquefaction solutions in line with upstream production growth, rather than a single, capital-intensive greenfield terminal. Beyond LNG, Vaca Muerta's scale positions Argentina to expand pipeline-based gas exports to neighboring countries, reinforcing its role as a regional supplier even as global LNG ambitions evolve.

In Guyana, 2026 is expected to bring the completion of its US$50 billion gas-to-energy project, which will deliver natural gas from the Liza Field directly to onshore power facilities and displace longstanding reliance on fuel oil for most of the country's electric generation. This project is intended to significantly reduce electricity costs and improve energy reliability for the Guyanese population. Notably, Guyana's gas development is not a response to its import dependence. Prior to its offshore discoveries, the country made little use of natural gas at all. Current infrastructure buildouts reflect an evolution toward utilizing domestic resources and integrating natural gas into a national energy system that is being rapidly transformed.

Brazil continues to stand as a global leader in oil and gas production, and sentiment among Petrobras leadership suggests that potential projects in the pre-salt basin and the equatorial margin are viewed as matters of when, not if. This outlook reinforces the longevity of oil and gas in Brazil's long-term energy mix and, by extension, the wider region. At the same time, existing and planned gas infrastructure linking Argentina, Brazil, Chile, and Bolivia is strengthening regional interconnectedness, supply stability, cross-border trade, and sustained natural gas use across South America.



To the north, Mexico's natural gas use remains closely tied to supply from the United States as PEMEX continues to navigate financial and operational challenges and policymakers debate how best to strengthen domestic production. Roughly two-thirds of Mexico's natural gas supply is imported across the border. This dependence has exposed vulnerabilities in the past and uncertainty will remain an issue in the near-term. The United States-Mexico-Canada Agreement (USMCA) is scheduled for a formal review in 2026, and while this process is generally expected to reaffirm the existing framework, political unpredictability within Washington introduces an element of risk. The possibility of adjustments to tariff- and quota-free trade provisions or the use of natural gas supply as leverage in broader negotiations both highlight the strategic importance of supply diversification and infrastructure resilience for Mexico in the coming years.

Meanwhile, Nicolas Maduro's removal creates a highly fluid policy environment for Venezuela's natural gas sector: in a positive scenario, newly-installed president, Delcy Rodríguez or a future transitional government could reach agreements with the U.S. and international energy companies, unlocking clearer legal cover for cross-border gas development and potential exports —particularly to Trinidad & Tobago or LNG markets; in a negative scenario, continued political instability and mixed signals could deter investment for years, leaving gas reserves underdeveloped. Overall, natural gas development is likely to remain uncertain in the short term as legitimacy, sanctions, and foreign engagement are resolved, but over the medium to long term, a government with broader international acceptance and sanctions relief could finally attract the investment needed to move projects forward.

Despite the momentum behind natural gas heading into 2026, its impact on global carbon emissions remains a major constraint, and its long-term role in the energy mix will depend on sustained decarbonization efforts. Policymakers and producers increasingly recognize that reducing methane emissions associated with gas production - particularly from venting and flaring - represents low-hanging fruit for near-term climate goals. Practical improvements in leak detection, pipeline integrity, and operational standards can dramatically lower the emissions intensity of natural gas without undermining its economic value. **The International Energy Agency estimates that roughly 40% of methane emissions from oil and gas operations worldwide could be reduced at no net cost, as the value of captured gas exceeds the cost of mitigation technologies.**

Beyond the climate benefits, carbon capture and methane abatement also offer energy security advantages. If Mexico had captured and utilized the gas it flared and vented in 2024, it could have displaced roughly 8.5% of the natural gas it had imported from the United States. While this would not deliver full energy independence, it would be a concrete step toward greater energy sovereignty and a signal of commitment to Mexico's Nationally Determined Contribution updated in November 2025. Presumably, similar gains could be realized across several countries in Latin America, particularly Venezuela.

I think natural gas offers clear security and cost advantages as Latin America navigates an uncertain energy transition, making it an obvious component of mid- to long-term energy planning. Its continued use, however, must be paired with serious decarbonization efforts. If managed responsibly through methane reduction, infrastructure improvements, and carbon management, natural gas can serve as a bridge fuel (or foundational fuel if further decarbonized) that supports reliability, regional integration, and progress toward a lower-carbon future as the region enters 2026 and beyond.

Oil and the Day After in Venezuela – Separating Fact and Fiction

A great deal of ink has already been spilled on the ouster of Nicolas Maduro and the U.S. military operation that removed him from Caracas. Debate over the legality or justification of his removal will continue, as it should. But one area that urgently demands clearer understanding is the role of oil —and the assertion that U.S. companies can rapidly leverage Venezuela's vast reserves to spark large-scale economic recovery. For now, that outlook remains about as clear as Lake Maracaibo mud.

Perhaps even before, but certainly since the Trump press conference the morning of Maduro's capture, oil is at the center of any serious "day after" outlook. There is an enormous amount of faith, hope and belief in the sector not only being the catalyst to underpin the economic recovery but also Venezuela's political transition and the country's ability to reclaim its position in the international arena of legitimate nation-states. As Trump said, "we're going to be taking out a tremendous amount of wealth out of the ground."

That Venezuela has enormous reserves and potential is crystal clear. Yet, the terrible corruption and mismanagement of the sector over the last two plus decades have crippled production and output, while also making spills and accidents far too frequent. **The founding member of OPEC has gone from production of over 3.5 million barrels per day accounting for almost 10% of global supply to just below one million barrels per day and about 1% in the last year.**

The oil sector is and will continue to be one of massive upfront investments with long-term horizons and this is no different in Venezuela. Indeed, the combination of a severely degraded sector and Venezuela's predominant heavy oil reserves, must be understood. This is not a case where a few companies can make a few targeted investments over a few months to unleash large-scale production.

Estimates vary, but most point to investment in the sector of around $10-12 billion per year for at least the next ten years to recover production to pre-crisis levels of around 2.5-3 million barrels per day. Meanwhile, production gains could take two to four years to materialize. Years of underinvestment mean that assets require repair, capital redeployment, and workforce rebuilding rather than simple restarts – both in heavy oil and conventional basins. Further complicating the recovery is the fact that much of Venezuelan crude oil and its reservoirs with greatest potential have unique characteristics. It is quite different from Middle East, U.S., North Sea or Russia crudes. Production is complicated; the crude is hard to handle and difficult to refine, with serious cost implications.

Further, the changes domestically afflicting the Venezuelan oil sector must be viewed against the international backdrop of global oil markets and particularly the enormous changes wrought by the shale revolution and record-setting production in the United States. **Add to this marked shift in market power and geopolitics the recent softening of the price of oil and worries of oversupply. As they say, this is not your grandfather's oil sector.**

This context is essential for a necessary reality check as to how oil will be leveraged in this "day after" scenario for Venezuela.

One of the most important aspects to monitor is the management of the maximum-pressure sanctions, naval enforcement, and blockade efforts. This will continue to box in the newly installed Rodriguez government, limiting its ability to create any daylight between hardline Chavistas still part of her team and the Trump administration.

What appears to be a clear path to sanction relief and leveraging oil is for a new legal and policy framework that reverses the decades-long assertion of State control that led to massive corruption and degradation. A new or revised hydrocarbons law must be approved by Venezuela's National Assembly and implementation set forth. The contract terms and modality must be clear and an obvious break from the decades of Chavista resource nationalism in the sector. This is essential for oil companies and investors.

There have not been any indications that the new administration is pursuing this option or interested in restructuring the legal and fiscal framework to provide the incentives that certainty brings, though, admittedly it could be part of confidential and private discussions between the US and Venezuelan administrations.

But let's be clear: **Until a great deal more clarity is brought to the issues of contracts and legal and regulatory frameworks, companies will be judicious. Indeed, they may be hesitant to commit significant amounts of capital and investments let alone the levels and requirements that are so desperately needed in Venezuela as 2026 unfolds.**

Investor confidence is further undermined by Venezuela's unresolved international arbitration claims. There have been billions of dollars in awards against the Venezuelan state and PDVSA, most of which remain unpaid. The failure to manage these judgments shows a disregard for contracts and rule of law. It would seem to be an obvious area for the new Venezuelan government to address as part of investment promotion.

The promise of oil cannot be illusory and cannot outpace political and legal reality. If it does, the result will not be a swift recovery but a prolonged period of uncertainty that undermines both Venezuela's transition and international confidence. The window and opportunity created by Maduro's removal is real, but it is also finite. Whether Venezuela reclaims its place as a legitimate investment target and oil producer will depend not on rhetoric or reserves, but on the discipline to align oil policy with governance reform before expectations collide with reality.

About the Institute

The Institute of the Americas (IOA) is a non-partisan, independent nonprofit organization whose mission is to be a catalyst for promoting economic development and integration, emphasizing the role of the private sector, as a means to improve the economic and social well-being of the people of the Americas. Founded in 1981 by Ambassador Theodore E. Gildred and co-located on the campus of the University of California, San Diego, the IOA was established to encourage economic and social reforms across the Americas, enhancing private sector collaboration and strengthening political and economic relations between Latin America, the Caribbean, the United States and Canada.

The Energy & Sustainability program has played a crucial thought leadership role in shaping policy discourse and informing policymakers and investors on the most important trends in the energy sector. We focus on matters related to energy development, investment, natural resource use, and energy transformation in the Americas.

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