The Great Compression

Policy, Power and Pressure in 2026

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Compression by Design

In 1942, the U.S. government spent $30B (USD, 2025 adjusted) to build an entire weapons industry around a scientific theory that lacked the evidence to justify such enormous financial and political capital. It was one of the most complex organizational, technical and logistical undertakings in human history, comprising 130,000 people across more than 30 sites.

The Manhattan Project succeeded because of the extraordinary skills and unified resolve of its leadership. Today, the Manhattan Project represents an inspirational tale of what compressed timeframes for invention, construction and deployment can achieve in less than four years.

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In 2026, the U.S. energy and infrastructure sectors are commanding orders of magnitude greater investment but in a modern development environment hobbled by decades of bureaucratic inertia. Development cannot move as fast as the demand it is meant to serve, and the policy process cannot move as fast as the private sector depending on it for solutions. We no longer have the unified mandate that drove Los Alamos but face a similar challenge: achieve exponential results on a similarly compressed timeline.

SpaceX is the closest thing we've seen to that spirit in several generations—a private Manhattan Project operating inside the red tape instead of above it. It didn't wait for permission to innovate, and within a regulatory and fiscal environment that would have suffocated Apollo, it shortened the cycle of rocket development from decades to months through vertical integration, rapid iteration and parallel testing. It engineered around constraints rather than waiting for permission to remove them.

SpaceX's achievement underscores the central challenge facing today's developers. Major power, pipeline and grid projects now take longer to approve and connect than the massive industrial load growth they are built to support (largely, AI datacenters).[1] Supply chains, workforce gaps and policy half-lives have turned time into the scarcest resource facing developers over the coming years. As we look ahead to 2026, we believe the market will reward those most adept at navigating within the current bureaucratic constraints: winners will design for deliverability rather than perfection and treat speed-to-operation as a strategy, not a metric.

1. S&P Global (2024) – Turbine Market Report

"The current administration's emphasis on visible near-term results means the decisive window for executive-sponsored subsidies, financial backstops and permits will close by mid-2028."

Necessity Drives Invention

In today's development environment, the energy system is constrained not by imagination, capital or risk appetites but by institutional barriers and the physical supply chain. Permitting processes for infrastructure stretch across years, even decades. Queues for power transformers and gas turbines now stretch across election cycles.[2] Grid interconnection studies outlive (multiple) project CEOs. Each of these bottlenecks has become a price signal to rethink project features and system designs. To their credit, we are already seeing developers experiment with flexible-load agreements, co-located generation and battery storage and modular compute configurations that allow projects to move forward before the grid or policy apparatus catches up.[3,4]

At the same time, the infrastructure will need to satisfy an energy affordability imperative we expect to feature prominently in 2026 midterm campaigns. Replacing aging infrastructure while simultaneously funding capacity growth will require significant investment, and yet most regions around the U.S. are already flagging concerns about energy costs. Infrastructure will need to be built not just better and faster but cheaper.

Capital Allocation Against a Political Clock

Physical and regulatory constraints alone would be challenging but developers must now navigate a second, equally binding constraint: a political clock moving faster than infrastructure can be built. Federal incentives now move in a two-year rhythm, sometimes appearing designed for political visibility rather than project maturity.

The current administration's emphasis on visible near-term results means the decisive window for executive-sponsored subsidies, financial backstops and permits will close by mid-2028. Federally endorsed projects that cannot demonstrate measurable contributions before then (i.e. permanent jobs, regional economic growth, megawatts connected) will struggle to maintain federal support under a new administration, regardless of which party controls the policy narrative in Washington in 2029.[5,6]

The investors and operators that win in 2026 will be the ones most adaptive to this political paradigm. They will front-load project milestones and break ground early, announce strategic partnerships at their infancy and structure financing in tranches that align with policy half-lives. In 2026, the best capital will be impatient capital that can enter, prove progress and recycle before the next election resets the field. Political time-to-value now sits beside cost-of-capital in every project financial model.

2. ACP/S&P (2025) – National Power Demand Study
3. NIAC (2024) – "Addressing the Critical Shortage of Power Transformers"
4. Wood Mackenzie (2025) – "Power at a Price"
5. Trump Administration Precedents (2017–2020)
6. Teneo (2025) – "Implications of Trump Policies"

The Innovation Dividend

Market constraints and a narrow political window have fused into a compressed development environment similar to those navigated by the Manhattan Project and SpaceX. In environments like this, firms that can shorten delivery cycles or extract more capacity from constrained assets are effectively creating a new class of yield: the innovation dividend. Novel solution designs and operational process ingenuity will capture value that others leave on the table by overpaying (i.e. buying through the supply chain constraints) or delaying (i.e. waiting for the market to correct).

For an example of innovation that lands closer to home than space exploration, energy infrastructure developers should take a page from the recent super-cycle of investment in Gulf Coast LNG export facilities. There, New Fortress Energy's 'Fast LNG' concept cut development timelines from 5–7 years to as little as 18–24 months and reduced liquefaction CapEx from ~$1,500/tpa to ~$800/tpa. In instances like these, developers that innovate can capture the spread between physical scarcity and political impatience

Policy can also serve as a catalyst for innovation, and as of this writing, the bipartisan SPEED (Standardizing Permitting and Expediting Economic Development) Act is headed to the Senate for approval. If adopted, this legislation will accelerate development of major infrastructure across sectors by clarifying and tightening the NEPA review process. Originated by Joe Manchin (Ind. - WV) during the Biden administration, this latest effort has been bipartisan and is likely to be resilient to changes in administration.

Strategic Implications for 2026+

Speed now functions as currency: Project delays for power infrastructure now cost far more than they used to. Every slip risks eroding policy support and the players who move fastest will begin to separate from the pack.[7]

The resilience premium is widening: Growing net-load variability is elevating the value of dispatchable capacity. Gas turbines, hybrid storage and nuclear are again central to utility resource planning and investor models because they can deliver controllable output during peak-demand ramps.[8]

Affordability is now a liability: Balancing this combination of growth and resiliency investment against customer bills will be a challenge for both operators and regulators.

Capital is consolidating around developers that can move: Money is following motion. In this environment, a balance sheet without operational velocity will look increasingly unattractive to institutional investors and federal decision-makers.

Globally, the same logic is taking root: Policy and investment signals in the U.S. are reinforcing parallel shifts abroad. India and the Gulf are institutionalizing flexibility and Europe is formalizing the value of reliability.

"Political time-to-value now sits beside cost-of-capital in every project financial model."

7. PitchBook (2025) – "Climate PE Funds: Heating Up or Cooling Down?"
8. IEA (2025) – "Renewables 2025p"

Business Imperatives and Signposts

Developers: Move What Can Move, Sequence What Must Wait

Developers need to treat interconnection, permitting and equipment lead-times as design inputs, not late-stage hurdles. That means structuring projects so that early phases can begin operating under partial service, on-site generation or flexible-load agreements while long-lead upgrades catch up. It also means designing portfolios that can be reconfigured quickly as policy, supply chains or tariff structures shift. The strongest developers in 2026 will be those who can show continuous progress via measurable steps that keep capital, regulators and off-takers aligned.

Watch for:

- Early-stage projects advancing under provisional or flexible service arrangements
- Developers acquiring assets with clear permitting head starts
- Hybrid buildouts designed to "stage in" capacity rather than wait for a single full interconnection

Investors: Underwrite Delivery, Not Just Design

For investors, the decisive variable in 2026 will be the ability to evaluate and pay the right premium for execution. Traditional financial screening (i.e. IRR, leverage, hedging structure) will matter less than evidence that a team can navigate supply chain bottlenecks, secure labor and reach milestones within the policy window. Investors need to prioritize developers with demonstrated delivery velocity, proven vendor relationships and credible schedules tied to realistic procurement assumptions. Those who can identify and fund projects with visible near-term impact will capture the most durable value.

Watch for:

- Capital rotating toward developers with in-house EPC capability
- Financings structured around milestone-based tranches
- Consolidation as slower operators are absorbed by those with repeatable delivery models

Policymakers and Regulators: Incentivize Adaptability and Reward Timely Performance

For policymakers, 2026 will require aligning regulatory frameworks with the realities of compressed project timelines. That means codifying flexible interconnection pathways, clarifying how provisional or partially firm service will be assessed and ensuring rate structures recognize the system value of load flexibility and hybrid dispatchable resources. Regulators will need to provide clear guidance on permitting and compliance expectations to minimize administrative delay, especially as local authorities shoulder more responsibility under federal devolution. The goal is not simply to accelerate projects, but to create predictable rules that allow developers and investors to plan around time.

Watch for:

- State-level adoption of flexible service tariffs
- Updated permitting standards that reduce procedural uncertainty
- Regulatory interest in resource adequacy metrics that reward controllable, fast-to-deploy assets

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