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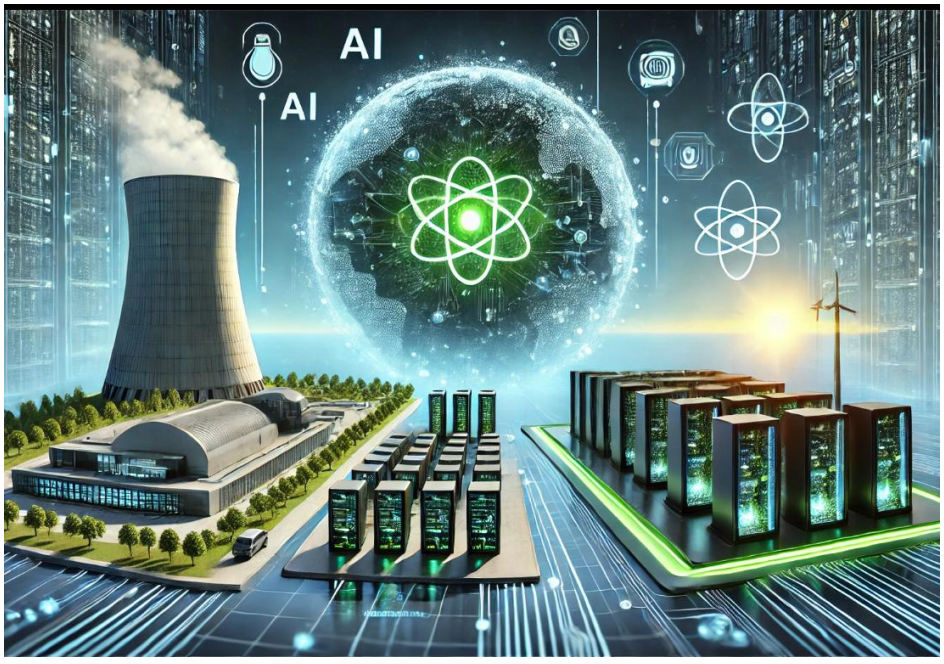
POWER TO THE PEOPLE



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June 11, 2025

GABELLI FUNDS

POWER TO THE PEOPLE – NUCLEAR RENASSANCE OR DÉJÀ VU AGAIN?

Nuclear power is regaining prominence as an important potential solution to meet the United States' accelerating electricity demand, driven by AI data center growth, manufacturing on-shoring, and grid reliability concerns. With capacity factors exceeding 90% and zero direct carbon emissions, nuclear offers a unique combination of dependability and sustainability that is increasingly attractive to both policymakers and major corporate energy buyers, including Microsoft, Google, Amazon, and Meta. Despite limited domestic reactor construction over the past four decades—constrained by high costs, lengthy build times, and regulatory hurdles—momentum for a nuclear resurgence is building. Globally, competitors like China and India are rapidly expanding nuclear capacity given its strategic and economic importance. For investors, this points to compelling long-term opportunities not only across the nuclear supply chain—including reactor technology, fuel services, and engineering—but also in regulated electric and gas utilities, battery storage, and grid infrastructure, all of which will be critical to serving rising demand with reliable, diversified energy supply.

Executive Orders – Call to Action Or Glorified Press Release

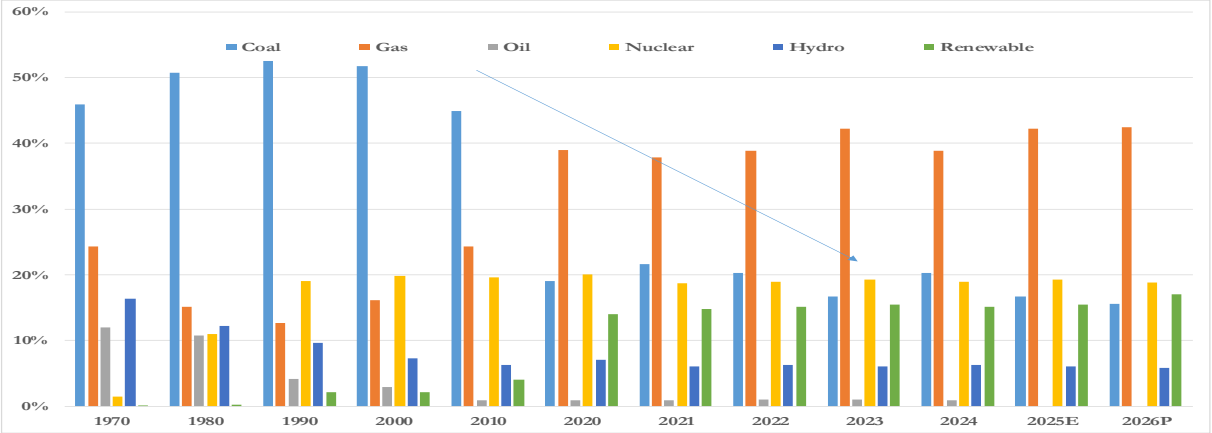
On May 23, 2025, President Trump signed four executive orders aimed at accelerating the development of nuclear power and reducing fuel supply risks. The directives include restructuring the Nuclear Regulatory Commission (NRC) to expedite permitting, reduce regulatory burdens, and impose an 18-month deadline for application reviews. The orders also launch a pilot program to deploy three experimental reactors by July 4, 2026, and a reactor on a U.S. military base by 2028. The long-term vision targets 400 GW of nuclear capacity by 2050—up from approximately 100 GW today. The administration also invoked the Defense Production Act to bolster domestic uranium mining, enrichment, and reactor fuel production. The combination of policy support and mega-tech financial backing could accelerate the nuclear development time-frame from mid 2030's, to the early 2030's.

The new administration is also encouraging the development of natural gas-fired generation—an area that has seen limited investment in recent years—while also backing life extensions for existing coal plants to support grid reliability. Simultaneously, the current draft of the OBBB legislation calls for phasing out renewable energy tax credits beginning as early as 2028. Despite the prospect of reduced federal incentives, most utilities expect renewable energy to continue growing as a key component of the U.S. power mix, driven by declining technology costs and state-level policies. With electricity demand rising sharply, the U.S. will likely require an "all-of-the-above" approach, leveraging natural gas, coal, nuclear, renewables, and storage to ensure a reliable and resilient energy system.

US POWER EQUATION

In 2024, the US had ~1,250 GWs of power capacity, including 97 GW's of nuclear capacity (54 plants with 94 reactors), 500 GW's of gas-fired capacity, ~310 GWs of renewables, 170 GW's of coal, 125 GW's of hydro. In 2024, natural gas represented 42% of output, nuclear 19%, coal 16%, wind 11%, hydro 6% and solar 7%.

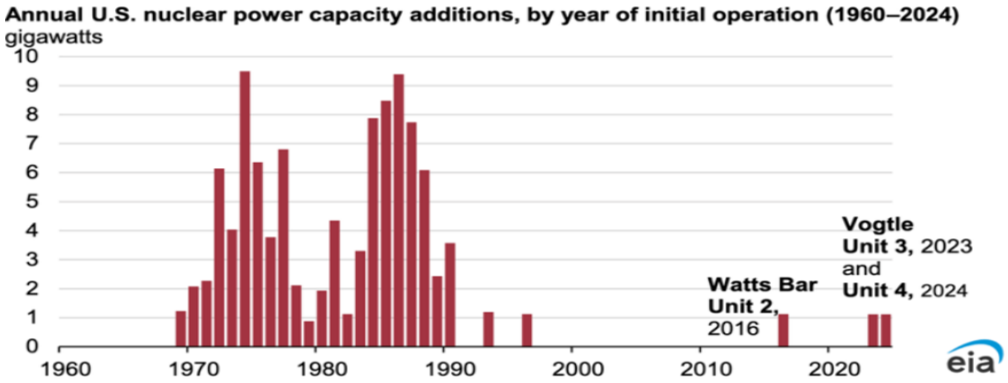
Exhibit 1



Source: EIA

The nation's nuclear plants were built in the 1970-80's and became highly efficient in the 1990s. Since 1990, nuclear power has remained a steady 18-20% of total US power generation. In 2013, 104 reactors were online and generated 20% of total power. Over the past decade, less-efficient nuclear (13 retirements since 2013), coal and gas power plants were retired and replaced with highly efficient natural gas plants and renewable generation. Based on planned retirement schedules, coal's decline will continue, and all new capacity will be renewable, battery- storage and/or natural gas-fired (except for nuclear restarts).

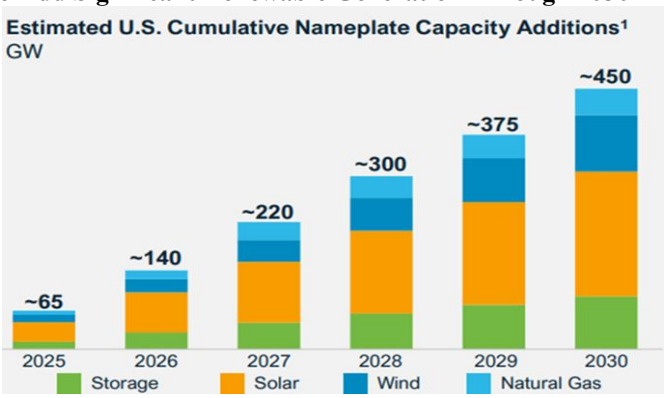
Exhibit 2



Source:

In 2024, the US added 46.2 GWs of new power capacity, including 43.6 GW's (94%) renewable or battery storage assets. (S&P Global Market Intelligence data). Over 2025-2029, US developers have 251 GW's of solar planned, including 36 GW's under construction, and 72 GW's of wind, including 18.8 GW's under construction. The 10 largest renewable developers expect to add 100 GWs of capacity through 2029, including 64 GWs of solar (NEE, EDF, AES, Invenergy) and 36 GWs of wind (Canada Pension Plan (Pattern Energy), Invenergy, NEE, EDF, Orsted, Invenergy, Dominion). As of May 2025, the 10 largest renewables developers had 12.6 GW of wind and 8.8 GW of solar under construction. In addition, 165 GW's of large-scale energy storage is planned by 2030, including 21 GW's under construction.

Exhibit 3 **US Poised to Add Significant Renewable Generation Through 2030**



Source: NextEra Energy June 2025 Investor Presentation

Nuclear power appears to be the best power option because it offers "around the clock reliability and zero carbon emissions", but new projects are costly and take years to bring online. Renewable energy is clean, quick to deploy, and has a low marginal cost, but suffers from intermittency. Combined-cycle natural gas plants provide high-capacity factors, but emit carbon and can be exposed to volatile fuel prices. Utility-scale battery storage is emerging as a complementary solution to balance intermittent renewables and help mitigate peak demand.

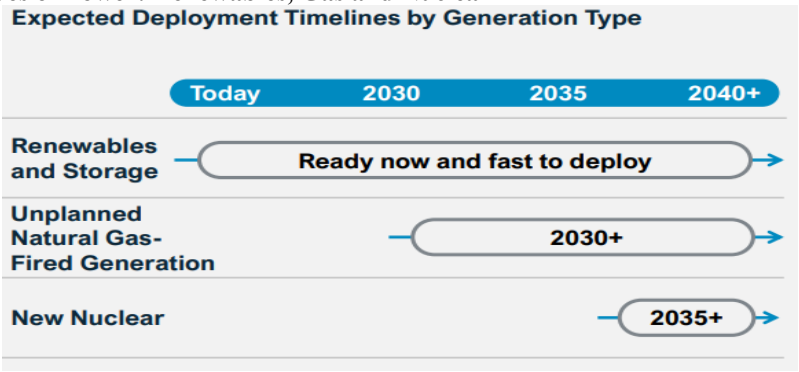
Exhibit 4 **Nuclear is a Preferred Option**

	Nuclear	CCGT	Coal	Wind	Solar	Hydro
Baseload	✓	✓	✓	×	×	✓
Capacity Factor	✓	✓	✓	×	×	×
Low Emissions[3]	✓	×	×	✓	✓	✓
Ability to Add Additional Capacity	✓	✓	×[4]	✓	✓	×[5]
Large-Scale Output[6]	✓	✓	✓	×	×	✓
Protected from Fuel Supply Interruption	✓	×	×	×	×	✓
Average Levelized Cost of Electricity (US$/MWh)[7]	~$40	~$80	~$100	~$70	~$95	~$90

Source:Cameco

Political and economic realities suggest the U.S. is heading into three distinct phases of power supply expansion over the next decade. **Phase 1** will likely be dominated by a surge in renewable and battery storage projects through 2028. **Phase 2** is expected to see a wave of natural gas additions—alongside continued renewable deployments—as new capacity finally comes online. **Phase 3**, beginning in the early-to-mid 2030s, could usher in the next generation of nuclear power. Cost-effective nuclear development is rapidly becoming the energy sector's Holy Grail.

Exhibit 5 Three Waves of Power: Renewables, Gas and Nuclear



Source: NextEra Energy March 2025

In the near term, the renewable buildout is driven by both urgency and incentives. Projects can be completed within 18–36 months and benefit from significant IRA tax credits. A large pipeline is already in motion and will likely be hurried along to meet potential 2028 tax credit cliff. However, net-zero policies previously dampened demand for gas turbines, major manufacturers such as GE Vernova, Mitsubishi, and Siemens cut back on production capacity.

Now, with the surge in electricity demand—fueled in part by the AI boom—and policy shifts under the new administration, gas turbine orders have surged. Yet supply is constrained. According to the Electric Power Research Institute (EPRI), wait times for new gas turbines in the U.S. can stretch up to seven years, and costs are climbing. GE Vernova currently holds a 29 GW backlog of turbine orders, with an additional 21 GW in slot reservations expected to convert into firm contracts.

TECH GOES NUCLEAR: POWER PLANTS MORE VALUABLE

Meta, Google, Amazon, and Microsoft are rapidly scaling data center infrastructure, with combined annual capex expected to top $200 billion in 2025. All have aggressive clean energy goals—Google targets 24/7 carbon-free energy by 2030, Microsoft aims to be carbon negative by 2030, Amazon plans 100% renewable energy by 2025, and Meta is pursuing net zero across its value chain by 2030. On December 3, 2024, Meta issued an RFP seeking 1–4 GW of new nuclear capacity, aiming for deployment starting in the early 2030s. The RFP is open to both large-scale and SMR proposals. Meta has already contracted over 12 GW of renewable energy globally and claims to have matched all operations with 100% clean and renewable energy since 2020. As AI-driven electricity demand surges, each new data center can require hundreds of megawatts, forcing hyper-scalers to invest directly in clean energy projects—including wind, solar, and increasingly, nuclear—to secure reliable, carbon-free power at scale.

Ideally, the hyper-scalers would prefer to contract directly with nuclear plants for 100% of a plant's output due to reliability and clean attributes. There are ~40 GW of merchant nuclear capacity (unregulated and depreciated), owned by CEG, VST, PEG, NEE, TLN, and D, which are now highly valuable. AMZN, Meta and MSFT have reached agreements for nuclear capacity, including:

- **Susquehanna Nuclear plant and Amazon:** On March 4, 2024, Talen (TLN) and Amazon agreed to a deal that would allow the 960-MW s of TLN's Susquehanna Nuclear plant (2,500 MWs) near Berwick, PA, to be sold directly to Amazon Web Services (AWS). TLN would sell its adjacent digital infrastructure campus (data center and crypto mining facilities), to AWS for $650 million. The agreement highlighted the value of merchant power plants (especially nuclear) as hyper-scalers are less price elastic and contract directly. On June 11, 2025, TLN and AMZN announced an upside agreement for a 1,920MW front of the meter (FTM) power purchase agreement (PPA) through 2042. This is upside to the original 960MW behind-the-meter (BTM) which was constrained at 300MW by federal regulators (FERC).

- **Three Mile Island Unit 1 and Microsoft:** On September 20, 2024, Constellation Energy (CEG) announced a 20-year power purchase agreement with Microsoft to restart Three Mile Island Unit 1 (renamed Crane Clean Energy Center). The nuclear power reactor near Harrisburg, PA, was shut down in 2019. The deal will supply Microsoft's data centers in the

region, and includes $1.6 billion investment to restore the plant. CEG is pursuing NRC approval and license renewal with hopes of 2028 restart.

- **Clinton Nuclear Plant and Meta:** CEG announced a 20-year front-of-the-meter PPA with Meta for all of its Clinton 1,092 MW single-unit nuclear plant in southern IL. Beginning in June of 2027, the agreement supports the relicensing and continued operations Clinton for another two decades CEG also plans on 30 MW of uprates at Clinton, relicensing another 20 yrs, and exploring development of an SMR. Meta is purchasing the plant's clean energy attributes as part of its commitment to match 100% of its electricity use with clean and renewable energy.

In the United States, most of the 94 nuclear reactors are owned by regulated utilities, limiting direct procurement options for hyperscalers to 23 nuclear plants that operate as merchant plants in deregulated markets like PJM, where direct deals are possible.

Table 1

Power Company/Utility	Reactor or Unit Name	Location	Ownership	Capacity Status
Constellation Energy Group	Braidwood 1&2	Braceville, IL (20 MI SSW of Joilet, IL)	100.0	2,386
	Byron 1&2	Byron, Il (17 MI SW of Rockford, IL)	100.0	2,347
	Calvert Cliffs 1&2	Lusby, MD (40 MI S of Annapolis, MD)	50.01	1,789
	Clinton	Clinton, IL (23 MI SSE of Bloomington, IL)	100.0	1,043
	Dresden 2&3	Morris, IL (25 M SW of Joliet, IL)	100.0	1,845
	James A. Fitzpatrick	Scriba, NY (6 MI NE of Oswego, NY)	100.0	842
	Ginna	Ontario, NY (20 MI NE of Rochester, NY)	100.00	576
	La Salle 1&2	Marseilles, IL (11 MI SE of Ottawa, IL)	100.0	2,320
	Limerick 1&2	Limerick, PA (21 MI NW of Philadelphia, PA)	100.0	2,315
	Nine Mile Point 1&2	Scriba, NY (6 MI NE of Oswego, NY)	91.00	1,675
	Peach Bottom 2&3	Delta, PA (17.9 MI S of Lancaster, PA)	50.0	1,324
	Quad Cities 1&2	Cordova, IL (20 MI NE of Moline, IL)	75.0	1,403
	Salem 1&2	Hancock Bridge, NJ (18 MI SE of Wilmington, DE)	42.6	995
	Three Mile Island 1	Middletown, PA (10 MI SE of Harrisburg, PA)	100.0	786
	South Texas Project	Bay City, TX (90 MI SW of Houston, TX)	44.00	1,161
				22,807
Vistra Energy	Beaver Valley 1&2	Shippingport, PA(17 MI W of McCandless, PA)	100.0	1,872
	Davis Besse	Oak Harbor, OH (21 MI ESE of Toledo, OH)	100.0	908
	Perry 1	Perry, OH (35 MI NE of Cleveland, OH)	100.0	1,268
	Comanche Peak 1&2	Glen Rose, TX (40 MI SW of Fort Worth, TX)	100.0	2,400
				6,448
Public Service Enterprise Group, Inc.	Hope Creek 1	Hancock Bridge, NJ (18 MI SE of Wilmington, DE)	100.0	1,161
	Peach Bottom 2&3	Delta, PA (17.9 MI S of Lancaster, PA)	50.0	1,324
	Salem 1&2	Hancock Bridge, NJ (18 MI SE of Wilmington, DE)	57.4	995
				2,390
NextEra Energy, Inc.	Duane Arnold	Palo, IA (8 MI NW of Cedar Rapids, IA)	100.0	600
	Point Beach 1&2	Two Rivers, WI (13 MI NNW of Manitowoc, WI)	100.0	510
	Seabrook 1	Seabrook, NH (13 MI S of Portsmouth, NH)	88.2	1,099
				2,209
Talen Energy	Susquehanna 1&2	Salem Township, Luzerne Co., PA (70 MI NE of Harrisburg, PA)	90.0	1,067
Dominion Resources, Inc.	Millstone 2&3	Waterford. CT (3.2 MI WSW of New London, CT)	100.0	1,950

However, political and regulatory hurdles, particularly around grid cost allocation, have made it difficult to dedicate output from existing nuclear plants to tech companies. As electricity demand surges, the value of uncontracted, non-regulated nuclear generation has risen sharply, making these assets increasingly strategic and scarce. In the near term, unregulated power plants and particularly nuclear plants (and their owners) stand to benefit, including:

- **Constellation Energy (CEG)-**owns all or portions of 14 nuclear plants (26 units) totaling 22 GW's; 6 plants in IL; 2 in PA; 3 in NY; 1 in NJ, TX, and MD.
- **Vistra Corp. (VST)-**owns four nuclear power plants: Comanche Peak (TX; 2,400 MW's), Beaver Valley (1,800 MW's), Davis-Besse (900-MW's), and Perry (1,300 MW's; OH)
- **NextEra Energy (NEE) -**owns Seabrook (1,100 MW's; NH), Point beach (1,200 MW's; WI) and Duane Arnold (600-MW's; Iowa; closed in 20--)
- **Talen Energy (TLN)-**owns Susquehanna (2,600 W's' PA)
- **Public Service Enterprise Group (PEG)-**owns three nuclear plants Hope Creek (1,172 MW's; NJ, Salem (owns 57% of 2,285 MW's; NJ), Peach Bottom (50% of 2,449 MW's; PA)

WHAT IS FUTURE OF NEW BUILD NUCLEAR?
A handful of electric utilities (AEP, DUK, D, ETR, SO) have publicly expressed interest in pursuing new nuclear, but the US is unlikely to see new large-scale nuclear plants in the near term (2035-+). Investor-owned utilities remain cautious, requiring customers and shareholder safeguards against the risk of cost overruns. The last attempted nuclear renaissance began around 2008 but was derailed by the U.S. shale gas boom, which drove natural gas prices down from over $10 to below $3 per MMBtu.

In 2008, Southern Company (SO) and SCANA Corporation (later acquired by Dominion Energy) launched construction of two-unit nuclear projects based on the newly certified Westinghouse AP1000 design. SO's Vogtle Units 3 and 4, completed in 2023 and 2024, became the first new reactors brought online in the U.S. in decades. Originally slated for completion by 2016–2017 at a cost of $14 billion, the final tab exceeded $30 billion and over six years late. SCANA's V.C. Summer Units 2 and 3, using the same AP1000 technology, were abandoned in 2017 due to massive over-runs and a Westinghouse bankruptcy.

We expect Westinghouse (Cameco and Brookfield JV) to be a leading player to help meet the Trump Executive Orders to begin construction of 10 large nuclear reactors under construction by 2030. The AP 1000 is proved and proven reactor design, with a viable supply chain and recent experience of building reactors in Georgia in China. The total number of operational and approved AP 1000 reactors in China is 16 and the design has been selected or under consideration at multiple other sites in Central and Eastern Europe, the United Kingdom, India, and North America.and China.

Global Trends and U.S. Energy Security
According to the International Energy Agency (IEA), there are 440 nuclear reactors worldwide (420 operational), with 61 currently under construction, including 28 in China. The U.S. operates 94 reactors across 54 plants in 28 states, generating roughly 19% of its electricity, down from 20% in 2013 when there were 104 reactors online. China, Russia, South Korea, India, and the UAE have continued to invest heavily in nuclear capacity. Since 2016, over 50 GW of new capacity has been brought online in these countries, with another 51 GW under construction.

In the UK, EDF Energy began construction of Hinkley Point C, two large twin-European Pressurized Reactors (EPR) in 2017 and is expected online between 2029-2031. The projected cost has risen to £31–35 billion (2015 prices), equivalent to £42–48 billion today. A near-identical project, Sizewell C in Suffolk, received final approval in 2023 and is in early site preparation, with commercial operation targeted for the mid-2030s. The UK government envisions up to eight additional EPRs by 2050 under a new regulatory roadmap. In parallel, £2.5–3 billion is pledged to support the deployment of Rolls-Royce's 470 MW SMRs, with the first three factory-built units targeted for operation in the early 2030s at an estimated £1.8 billion each.

The US setbacks and high costs derailed what many hoped would be a nuclear revival. While the AP1000 featured innovative passive safety systems and modular construction, the projects suffered from first-of-a-kind deployment challenges, untested supply chains, and a cumbersome new licensing process. The situation was compounded by the 2011 Fukushima disaster in Japan, which intensified regulatory scrutiny and heightened public resistance.

Retirements, Restarts, and the SMR Path Forward
Given the challenges and setbacks, U.S. focus has shifted to extending the life of existing nuclear plants and exploring restarts for recently retired facilities such as Palisades (800-MW's; Michigan; Shut down in 2022), Duane Arnold (600-MW; Iowa; Shut down 2020), and Three Mile Island Unit 1 (820-MW's; Pennsylvania; shut down in 2019). The retirement of Diablo Canyon,

originally scheduled for 2025, has also been deferred until 2029-2030. In May 2025, CEG requested an extension for Clinton Energy Center in Illinois backed by a 20year PPA with Meta.

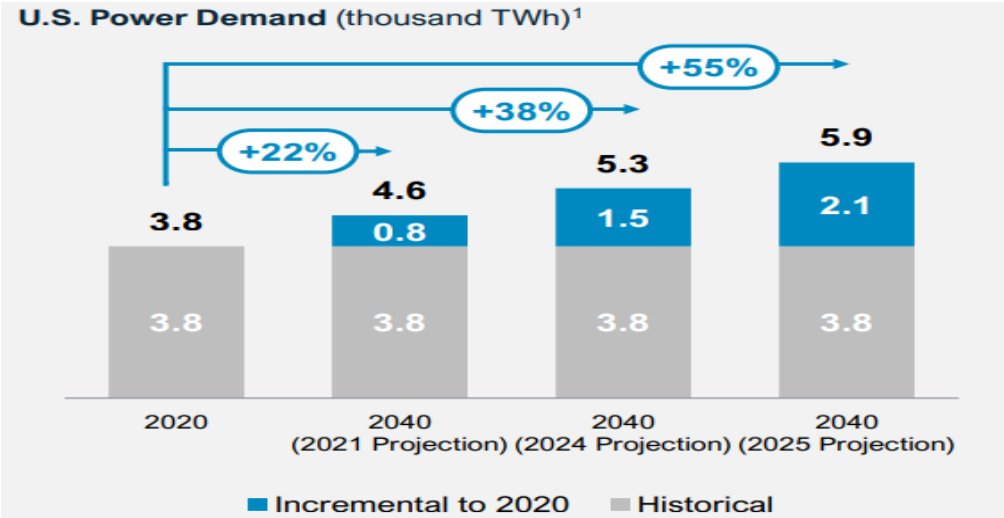
On May 30, 2025, the NRC approved the environmental review to restart the Palisades (800-MW/Covert MI) shut down in May 2022. Holtec International, the plant's owner, has secured a $1.52 billion federal loan guarantee and aims to restart operations pending final safety approvals. Output is contracted to two Midwestern electric cooperatives: Wolverine Power Cooperative and Hoosier Energy. The agreement could include up to two small modular reactors (SMRs rated at 300 MW each) that Holtec intends to build and commission at the Palisades site.

Small modular reactors (SMR) represent the most viable future for U.S. nuclear energy. Their smaller size (less than 300-MW's), modular construction, and compatibility with existing nuclear infrastructure offer lower upfront costs, faster build times, and more flexibility in siting. The Department of Energy is expected to provide financial support for early SMR deployment. There are numerous SMR designs in development with ambitions of SMRs commercially operating in the early 2030's. The first next-generation units are likely to be SMRs deployed by public power entities like the Tennessee Valley Authority (TVA), Ontario Province or privately funded by tech firms with strong balance sheets. GE Vernova, a leader in gas and nuclear turbine technology, has suggested that SMRs could be ready for demonstration around 2029–2030, with commercial deployment beginning closer to 2032–2033. SMR developers OKLO and NuScale forecast commercial operations in 2028-2030.

This Time is Different: Demand Is Rising Fast

What sets this decade apart is the rapidly changing demand landscape. Electricity demand is now poised for significant growth—driven by AI data centers, electric vehicles, and the onshoring of advanced manufacturing. Even allowing for variables like data center efficiency improvements or economic slowdown, electricity demand is likely to outstrip the industry's ability to build new infrastructure quickly enough. **Exhibit 6** shows that recent U.S. power demand forecasts have been revised up significantly—projecting a 55% increase from 2020 to 2040, far outpacing earlier expectations.

Exhibit 6 **Electric Demand Growth Forecasts Continue to Increase**

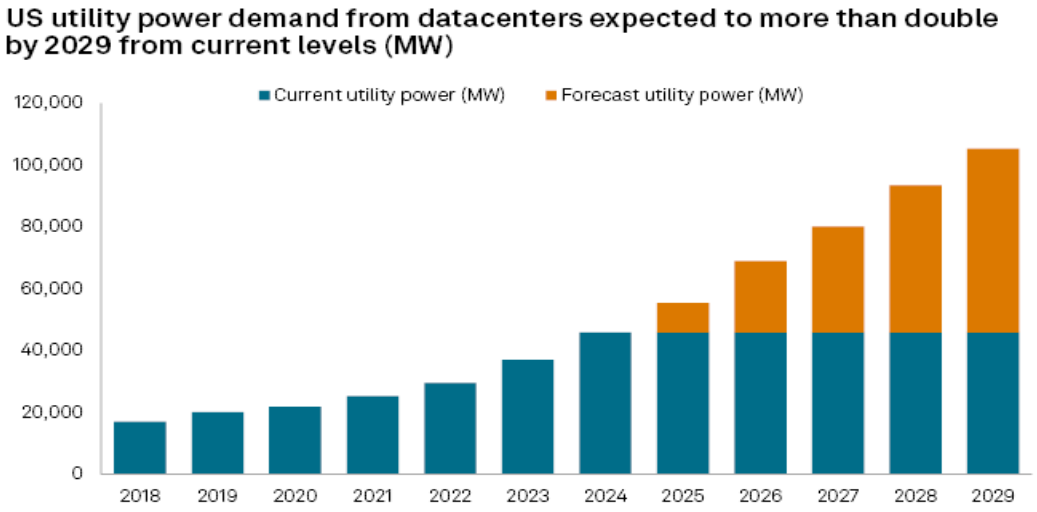


Source: NextEra Energy Investor Presentation

In its June 10, 2025, Short-Term Energy Outlook, the EIA raised its 2025 U.S. electricity demand forecast by about 1%, citing surging demand from data centers and manufacturing. Commercial sector electricity use is now expected to rise 3% in 2025 and 5% in 2026—up from the 2% average annual growth projected in May. The agency noted particularly strong demand growth in the ERCOT and PJM markets. ERCOT will see the largest summer-over-summer generation increase, driven by data centers and new factories.

Based on public announcements, we estimate ~50 GW of new data center-driven demand will be added by 2030, with nearly 25 GW already under contract. As a result, U.S. electricity demand is expected to grow 2.0–2.5% in 2025, accelerating to 3–4% annually between 2026 and 2028 due to increased data center development, EV adoption, and manufacturing reshoring.

Exhibit 7



NERC ONGOING WARNING: POWER DEMAND TO EXCEED SUPPLY

More than one-half of North America faces a risk of energy shortfalls in the next 5-10 years as data centers and electrification drive electricity demand higher and retirements threaten resource adequacy, according to the North American Electric Reliability Corp 10-year outlook (2024 Long-Term Reliability Assessment - December 2024) and further reinforced by its May 2025 Summer Assessment.

Exhibit 8 **NERC's Annual Long-Term Reliability Assessment (LTRA-December 2024)**

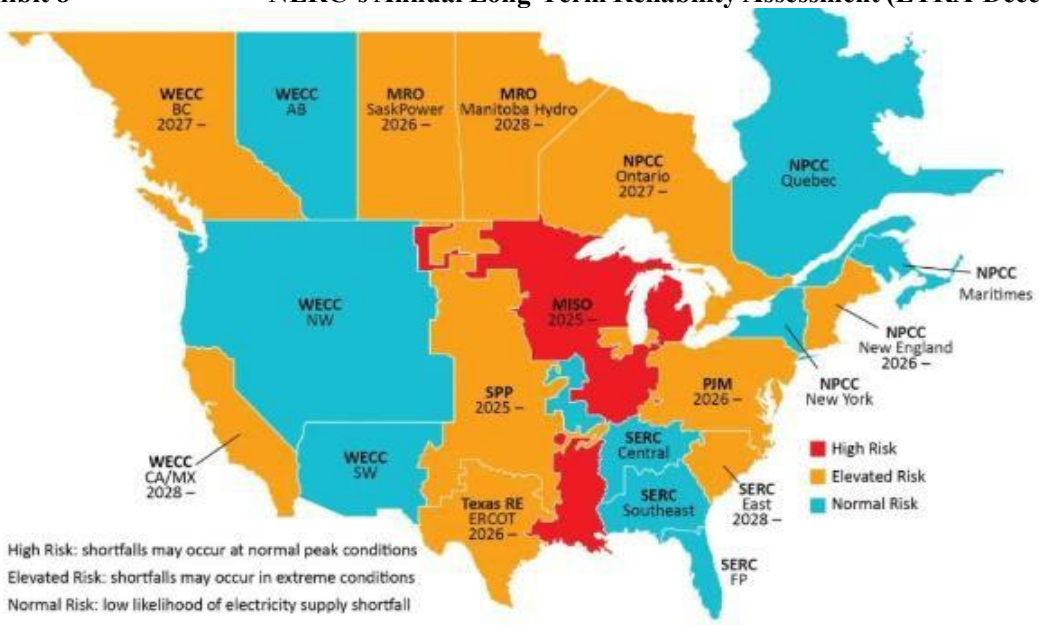


Figure 1: Risk Area Summary 2025–2029

Retrieved from North American Electric Reliability Corp..

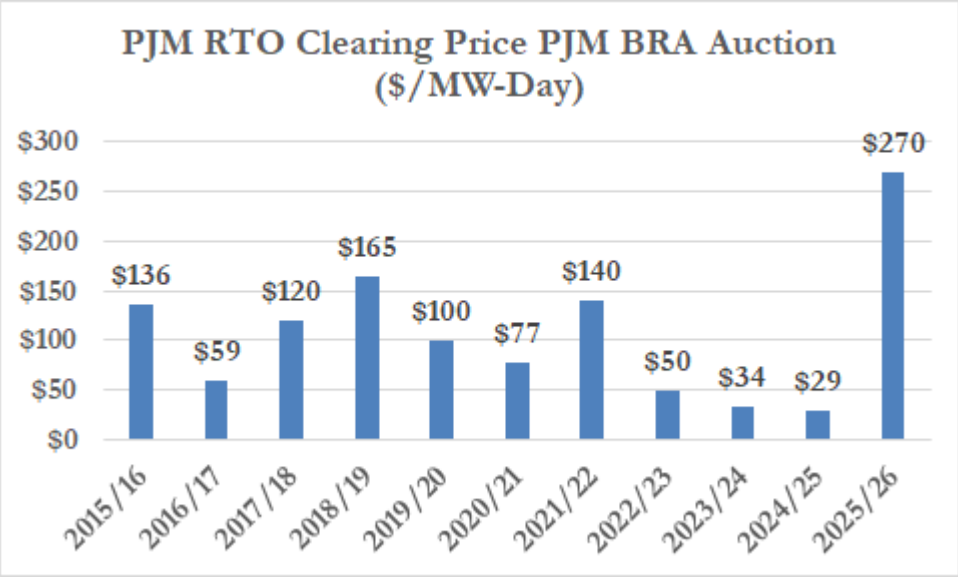
The LTRA recognizes 52 GW of confirmed power plant retirements by 2029 and 78 GW over the 10-year assessment period. Retirements total 115 GW by 2034 and the power is primarily being replaced by "intermittent and variable" generation. NERC's forecast peak reserve margins (the cushion between supply and peak demand) fall to concerning levels across the US. Further, more frequent and extreme weather events impact record peak demands in many regions.

NERC notes that 30 GW of solar and 13 GW of battery storage have been added recently, but lack the flexibility and dependability needed during peak demand hours. NERC warns that many regions, including MISO, PJM, and SPP, face mounting reliability risks as dispatchable resources decline and extreme weather events become more frequent.

May 2024 Power Auction Sounded Alarm

In May 2024, PJM Interconnection's capacity auction for the 2025/2026 delivery year resulted in record-high clearing prices of $269.92/MW-day—nearly 10 times higher than the previous year's $28.92/MW-day. The surge was driven by tightening supply and rising electricity demand.

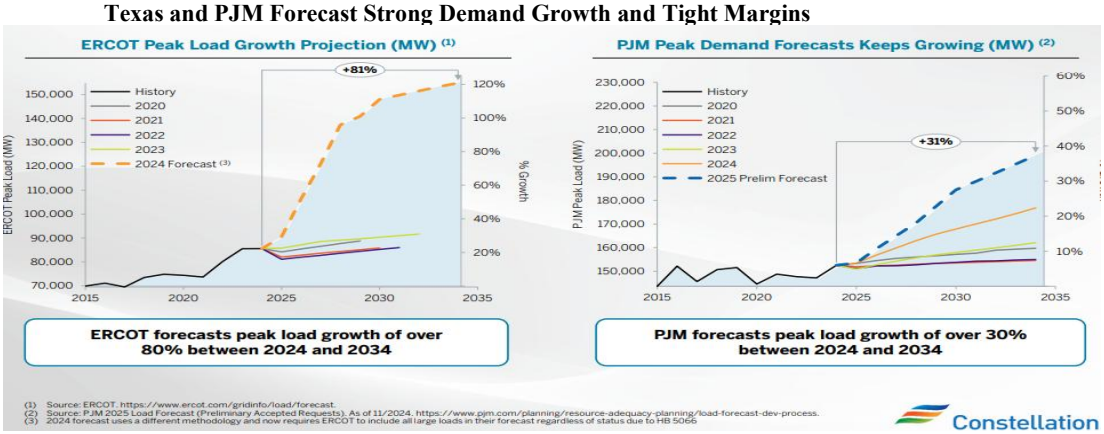
Exhibit 9 **The May 2024 PJM RTO Capacity Auction Saw Record High Prices**



The next PJM Interconnection Base Residual Auction (BRA) is scheduled for July 9, 2025**,** covering the 2026/2027 delivery year (June 1, 2026 – May 31, 2027). To address concerns over soaring capacity prices, FERC approved a temporary price collar for the next two BRAs (2026/2027 and 2027/2028 delivery years). This collar sets a price cap of $325/MW-day and a price floor of $175/MW-day**.** PJM has scheduled the BRA for the 2027/2028 delivery year for December 2025.

Texas is experiencing strong electric demand growth, with ERCOT projecting peak load to rise from 86 GW in 2024 to 130–148 GW by 2030. Over 30% of the state's capacity is intermittent and subsidized renewables. To address tightening reserve margins, Texas created a $5 billion Texas Energy Fund (TEF) in 2023 to support new gas-fired generation. Regulators approved 17 of 72 projects, totaling nearly 10 GW, with 11 in the interconnection queue by 2028—including ~450 MW plants from VST, NRG and CEG. In 2025, the state doubled TEF funding, but a number of projects have withdrawn and been replaced.

Exhibit 10 **Texas and PJM Forecast Strong Demand Growth and Tight Margins**



WHO HAS "NON-REGULATED POWER' TO SELL?

Regulated electric utilities are actively adding generation—primarily gas, renewables, battery storage, and in some cases advanced nuclear—to meet rising electricity demand from data centers, electrification, and industrial growth. Supported by state regulators and rate recovery mechanisms, these utilities can plan and build new capacity with more certainty than merchant

generators. Over the 5-to-10 years, US regulated utilities have filed resource plans with the intention of adding significant amounts of renewables and gas-fired power and the investment has led to higher forecasted EPS CAGRs.

As of 2025, 24 U.S. states and Washington, D.C., have deregulated electricity markets, allowing consumers to choose their electricity suppliers while distribution utilities maintain responsibility for transmission and distribution . These states include major markets like Texas, Illinois, New York, and Pennsylvania. There are four pure-play publicly-traded independent power producers (IPPs), or merchant generators, (Constellation Energy, Vistra, NRG Energy & Talen) that own power plants in non-regulated markets like PJM (Northeast/MidAtlantic), ERCOT (Electric Reliability Council of Texas), and CA, and provide marketing/power management services to customers. See Table 2

Table 2 **Largest Publicly-Traded Merchant Power Plant Owners**

Merchant Power	SYM	Price	2025 YTD	Equity Cap	Enterprise Value	Annual Dividend	Current Return	EBITDA 2024A	EBITDA 2025E	EBITDA 2026P	EBITDA 2027P	3-Year CAGR	2024A EV/24E	2025E EV/25E	2026P EV/26E	2027P EV/27E
		$	%	$	$	$		$	$	$	$		X	X	X	X
Constellation Energy	CEG	308.60	33	93,050	98,986	1.55	0.5%	4,003	4,920	5,520	5,999	14.4%	24.7	20.1	17.9	16.5
NRG Energy	NRG	154.55	70	29,725	37,040	1.76	1.1%	3,460	3,950	4,790	5,040	8.5%	10.7	9.4	7.7	7.3
Vistra	VST	178.26	26	60,484	81,363	0.89	0.5%	4,800	5,940	6,690	6,850	12.6%	17.0	13.7	12.2	11.9
Talen Energy	TLN	286.23	38	12,614	15,253	-	-	528	1,080	1,410	1,520	42.2%	28.9	14.1	10.8	10.0
			42				**0.7%**					**19.4%**	**20.3**	**14.3**	**12.2**	**11.4**

Source: Thomson One Consensus estimates, Company documents

These companies are the most leveraged to power supply shortages. Capacity ownership is shown below and includes pending acquisitions for CEG, VST and NRG.

Table 3 **Largest Publicly-Traded Merchant Power Plant Owners (And Pending Acquisitions)**

Power Company/Utility	Total Capacity (MW's)	PJM (MW's)	Texas (MW's)	Nuclear (MW's)	Renewables MW's	Coal/Oil (MW's)	Gas (MW's)
Constellation Energy Group	33,094	25,000	4,500	22,070	2,563		8,461*
Calpine	27,700	9,700	9,600		1,625		26,000
	60,794	**34,700**	**14,100**	**22,070**	**4,188**		**34,461**
Vistra Energy	41,000	11,480	18,450	6,150	2,000	8,200	24,600
Lotus Infrastrucutre Portfolio		2,600					2,600
	41,000	**14,080**	**18,450**	**6,150**	**2,000**	**8,200**	**27,200**
NRG Energy	14,927		8,527	-	200	6,727	8,000
LS Power	13,000	10,800	2,100				13,000
	27,927	**10,800**	**10,627**	**-**	**200**	**6,727**	**21,000**
Talen	10,700	10,379		2,228		2,953	5,484
Nextera Energy	**37,696**			**2,291**	**33,121**	**700**	**1,584**

Source: Company documents

Since 1995, the sub-sector of IPPs has experienced "boom-bust" periods and bankruptcies of key players, including AES, Enron, Dynegy, Mirant, Calpine, NRG, and Talen. Over the past 20 years, private equity firms and infrastructure funds had been major buyers of non-regulated (merchant or competitive) power plants in the U.S. LS Power, Energy Capital Partners (ECP), ArcLight Capital, Blackstone Energy Partners, Global Infrastructure Partners (GIP), Brookfield Asset Management.

Valuing Power Plants

More recently, the pendulum shifted and private equity firms are selling power plants and portfolios to IPPs. CEG and VST emphasized during first-quarter earnings calls that the cost of building new generation is prohibitively high, enhancing existing assets' value. Building new power generation in deregulated states like NY, IL, MA, CT and CA extremely challenging due to stringent environmental regulations, lengthy permitting processes, transmission constraints and local opposition. Further, the

price tag (replacement value) of new gas fired power has risen to $2,800/kw, from $800/kw in 2021. The dynamics imply significant new baseload supply wont come on-line until 2030 to 2035. The hyper-scalers want to move faster.

Table 3 US Power Capacity Added in 2024

Generation Type	Capacity (MW's)	$Cost/Kw
Solar	29,439	$2,400
Wind	4,400	2,500
Batteries	9,770	2,160
Gas	1,481	2,400
Nuclear	1,114 (Vogtle Unit 4)	15,000
Total	**46,200**	

(not including rooftop solar)

Source: S&P Global Market / Company documents / Gabelli estimates/Timeline-

On May 15, 2025, VST announced the acquisition of 2,557-MW's of gas-fired plants for $1.9 billion, or $743/kw from Lotus Infrastructure. The acquisition includes five combined-cycle plants and two combustion turbines (peakers) located across PJM, New England, NY and Ca. The largest plant, Farless Works (1,355 MW's) in Bucks Conty, PA, and Manchester Plant (510-MW's) in RI.. Vistra said the Lotus portfolio is priced at approximately $743/kW,

On January 10, 2025, CEG agreed to acquire Calpine, the largest gas-fired company in the US (27 GW's) from for $29.1 billion in cash and stock from Energy Capital Partners. valued at an equity purchase price of approximately $16.4 billion, composed of 50 million shares of Constellation stock and $4.5 billion in cash plus the assumption of approximately $12.7 billion of Calpine net debt. After adjustments, CEG considers the $26.6 billion net purchase price to be ab acquisition multiple of 7.9x 2026 EV/EBITDA. Calpine was taken private in 2017 by Energy Capital Partners for $17 billion or EV/2017 EBITDA multiple is 9.1X.

On May 12, 2025, NRG agreed to acquire 13 GW of gas generation and 6 GW of virtual power plant capacity from for $12.4 billion comprised of $6.4 billion of cash, $2.8 billion in stock to LS Power (24.25 million shares of NRG $114.98), $3.2 billion of net debt NRG considers the acquisition price to represent 7.5X 2026 EBITDA, less than $1,000/kw and less than 50% of replacement value. On April 10, 2025, NRG acquired six Texas gas plants totaling 738 MW from Rockland Capital LP for $560 million ($760/kw) in a deal that closed April 10.

Table 4

Gas plant portfolios drawing major interest from publicly traded power companies

Buyer	Seller	Asset	Deal announced	Transaction value, announcement ($B)	Gas capacity (GW)	2026 enterprise value to EBITDA multiple
Constellation Energy Corp.	Investor group (Energy Capital Partners LLC, Access Industries Inc., Canada Pension Plan Investment and Energy Capital Partners III LP)	Calpine Corp.	01/10/25	29.4	25.7	7.9x
Capital Power Corp.	LS Power Development LLC	2 plants	04/14/25	2.2	2.1	7.0x*
NRG Energy Inc.	LS Power Development LLC	18 plants	05/12/25	12.5	12.9	7.5x
Vistra Corp.	Lotus Infrastructure Partners	7 plants	05/15/25	1.9	2.6	7.0x

As of May 19, 2025.
* Capital Power's estimate of approximately 7x average enterprise value to EBITDA multiple is for 2026–2030.
Sources: Company disclosures; S&P Global Market Intelligence.

In February 2025, Brookfield Asset Management agreed to buy National Grid Renewables 3 GW of projects renewable portfolio for a $1.74 billion. The transaction includes solar and battery projects in ERCOT, MISO, PJM and SPP, and one wind project in SPP. On January 8, 2025, AQN completed the sale of its non-regulated renewable energy business (excluding the Company's hydro fleet) to a wholly owned subsidiary of LS Power. AQN considers the transaction multiple to be 12.5X. In December 2024, Energy Capital Partners closed on the $2.6 billion ($22 per AY share) Atlantica Sustainable acquisition for $2.555 billion. The acquisition included 2.2 GW's of renewable energy ($1,180/kw).

So Bring on Nuclear!

Constellation Energy (CEG) is one of the nation's larger (mostly nuclear) independent power companies (32,000 MW's of capacity) and is unique in that it owns the nation's largest nuclear fleet totaling 22,000 MWs of nuclear (14 nuclear stations and 25 reactors) in IL (55%), Mid-Atlantic (MD and PA-30%) and New York (15%) as well as 8,500 MW of natural gas and 3 GWs hydro, wind and solar generation. The company is highly leveraged to long-term power under-supply driven by demand from data centers, electrification, and onshoring, while new gas, coal, and nuclear builds face development challenges. This dynamic is expected to boost power prices and margins for CEG's merchant portfolio.

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June 11, 2025

GABELLI FUNDS

Constellation Energy (CEG - $292.19 - NYSE) **Nation's Largest Nuclear Owner**

Year	EPS*	P/E	
2027P	$11.05	16.0x	Dividend: $1.55 Current Return: 0.5%
2026P	10.35	17.2	Shares O/S: 313.5 million
2025E	9.30	18.4	52-Week Range: $352.00 - $155.60
2024A	8.67		* Consensus estimates rounded to nearest nickel

COMPANY OVERVIEW

(Baltimore, MD) CEG is one of the nation's larger (mostly nuclear) independent power companies (32,000 MW's of capacity) and is unique in that it owns the nation's largest nuclear fleet totaling 22,000 MWs of nuclear (14 nuclear stations and 25 reactors) in IL (55%), Mid-Atlantic (MD and PA-30%) and New York (15%) as well as 8,500 MW of natural gas and 3 GWs hydro, wind and solar generation. The portfolio is supported by a retail marketing business with mostly C&I customers. The pending acquisition of Calpine would add 27 GW's of natural gas and 1 GW's of geothermal. On February 2, 2022, EXC spun-off its merchant business, Constellation Energy and become two separately traded companies. EXC shareholders received one share of the CEG for every three shares of EXC owned.

Reason For Comment

CEG owns and operates one of the largest non-regulated nuclear fleets in the U.S., positioning it as one of the most valuable independent power producers (IPPs) amid growing U.S. electricity demand. The company is highly leveraged to long-term power under-supply driven by demand from data centers, electrification, and onshoring, while new gas, coal, and nuclear builds face development challenges. This dynamic is expected to boost power prices and margins for CEG's merchant portfolio.

- For 2025, CEG guides to adjusted (non-GAAP) operating earnings of $8.90–9.60/share with a targeted 13% CAGR through 2030. The company provides both base and enhanced earnings guidance—base earnings reflecting stable, predictable growth from organic investments, inflation-linked PTCs, and buybacks; enhanced earnings capturing potential upside from market volatility.

- Consensus 2025-2027 EPS estimates are $9.30 (2025), $10.35 (2026), and $11.05 (2027). CEG's credit profile is relatively strong for an IPP: S&P BBB+ / Moody's Baa1 (Stable).

- On January 10, 2025, CEG agreed to acquire Calpine, the largest gas-fired company in the US (27 GW's) from for $29.1 billion in cash and stock from Energy Capital Partners. The transaction value includes an equity value of $16.4 billion, composed of 50 million shares of Constellation stock and $4.5 billion in cash plus the assumption of approximately $12.7 billion of Calpine net debt. After adjustments, CEG considers the acquisition multiple of 7.9x 2026 EV/EBITDA. expect this transaction to close in the 4th quarter of this year

- Calpine was taken private in 2017 by Energy Capital Partners for $17 billion or EV/2017 EBITDA multiple is 9.1x. A Calpine acquisition would give CEG a more flexible portfolio to offer hypescalers and greater gas-fired scale and expertise to grow, but could perhaps tarnish its unique position as a pure play nuclear utility and make it a more traditional IPP with a large fossil generation footprint.

- On September 20, 2024, Constellation Energy (CEG) announced a 20-year power purchase agreement with Microsoft to restart Three Mile Island Unit 1 (renamed Crane Clean Energy Center). The nuclear power reactor near Harrisburg, PA, was shut down in 2019. The deal will supply Microsoft's data centers in the region, and includes $1.6 billion investment to restore the plant. CEG is pursuing NRC approval and license renewal with hopes of 2028 restart.

- On June 3, 2025, CEG announced a 20-year front-of-the-meter PPA with Meta for all of its Clinton 1,092 MW single-unit nuclear plant in southern IL. Beginning in June of 2027, the agreement supports the relicensing and continued operations Clinton for another two decades CEG also plans on 30 MW of uprates at Clinton, relicensing another 20 yrs, and exploring development of an SMR. Meta is purchasing the plant's clean energy attributes as part of its commitment to match 100% of its electricity use with clean and renewable energy.

- As of 2024, CEG's nuclear plants benefit from the Inflation Reduction Act (IRA) Production Tax Credit (PTC), guaranteeing a revenue floor **of** $43.75/MWh**,** with inflation adjustments starting in 2025, protecting downside while preserving market upside exposure.

CEG reported 2024 adj. EPS of $8.67, which was ~14% above the mid-point of the initial guidance range of $7.23-$8.03. CEG cited PTC portfolio results along with favorable overall power market conditions (trading, marketing, etc.).

Shares currently trade at 19.1x EV/2025 EBITDA and 32x 2025 EPS and 12.5x 2029 EBITDA and 22.1x 2029 EPS. CEG is leveraged to the tightening electric supply-demand scenario. In addition, CEG's carbon free nuclear and around the clock reliability command premium prices from megatech hyperscalers. Risks include a weakening US economy leading to lower than anticipated electric demand, nuclear operational risks and lower than anticipated EPS growth.

WHO ARE THE PUBLICLY TRADED PLAYERS TO WATCH?

The initial wave of new small modular reactors (SMRs) will likely be funded by governments or well-capitalized hyperscalers. Major tech firms—including Amazon, Google, Microsoft, and Meta—are investing in nuclear solutions to support their clean energy goals. Their financial strength and long-term energy needs provide important support.

There are currently two pure-play publicly traded pure play small modular reactor companies, NuScale Power (SMR) and Oklo (OKLO). In addition, GE Vernova has the GE-Hitachi (GEH) division with their Gen III+ BWRX-300 which arguably has the strongest customer pipeline; however, the division is relatively small compared to Gas Turbine, Wind Power and Grid businesses within GEV. Below we describe some of the leading SMR companies. Finally, the 49%-Cameco (CCJ) and 51-% Brookfield Renewable Partners (BEP) JV acquired Westinghouse, which offeres a full suite of nuclear services including design, development and engineering for new reactors.

Tennessee Valley Authority (TVA) and the Province of Ontario Building GEV SMR
On May 20, 2025, the Tennessee Valley Authority (TVA) submitted a construction permit application to the U.S. Nuclear Regulatory Commission (NRC) for a GE Vernova Hitachi Nuclear Energy (GVH) BWRX-300 (300-MW boiling water reactor). The plant would be at TVA's Clinch River site in Oak Ridge, TN. The TVA and its industry partners applied for $800 million in federal funding. In September of 2024, TVA's 2025 draft Integrated Resource Plan (IRP) estimated of $9,100/kW - ~$18,000/kW for the first of a kind small modular reactor light water design.

On May 8, 2025, GE Vernova Hitachi Nuclear Energy (GVH) received approval from the Province of Ontario and Ontario Power Generation (OPG) to proceed with deployment of the first SMR in the Western world at the Darlington nuclear site in Ontario, Canada. OPG contracted with GE Vernova to build four of its BWRX-300 SMR's at the Darlington New Nuclear Project site.

On May 29, 2025, NuScale Power (SMR) received Standard Design Approval (SDA) from the NRC for its 77 Mwe design (SMR has already had approval for a 50-MW design). However, SMR had to cancel its first planned six-reactor project at Idaho National Laboratory in November 2023 due to rising costs—up 50% to $89/MWh—and delays. This highlights ongoing cost and timeline challenges in SMR commercialization.

GE Vernova (GEV)
GEV's nuclear arm is a joint venture between GE Vernova and Hitachi with a long history in the nuclear industry, developing a mature fuels business and GEdeveloped the first large boiling water reactor (BWR). Technologies include boiling water reactors and small modular reactors, such as the BWRX-300. The BWRX-300, a 300Mwe small modular reactor, is built on 60+ years of BWR experience. Further, the BWRX-300 operates on LEU (Low Enriched Uranium) for fuel, which benefits GEV as all operating nuclear power reactors in the US today use LEU. Many of the competition in the SMR space will be reliant on HALEU (High Assay Low Enriched Uranium), which faces unique regulatory and supply constraints given there are currently very few users of this fuel type and the primary source of commercial supply is in Russia. This combination of factors gives GEV a leg-up in terms of near-term ability to deploy SMRs and regulatory certainty.

GEV's size, existing utility relationships and reputation provide one set of competitive advantages, while the BWRX-300 standardized reactor size and technology provide further advantages. The BWRX-300 has seen initial commercial success with several agreements reaching late-stage developments including the deployment of up to 4 BWRX-300 at Ontario Power Generation's (OPG) Darlington nuclear site by 2029 and a partnership with Polish energy company Synthos Green Energy (SGE), to deploy up to 24 BWRX-300's by 2030. GEH also has an agreement with Tennessee Valley Authority (TVA), OPG and SGE to advance global deployment of the BWRX-300.

Oklo (OKLO)
Oklo is a nuclear startup pursuing a unique build-own-operate model, intending to bypass utilities and sell power directly to customers—particularly data centers—under long-term PPAs. Its Aurora Powerhouse units are based on sodium-cooled fast reactor technology derived from the EBR-II, which operated successfully for decades at Idaho National Laboratory. Unlike GEH's BWRX-300 light-water SMR, Oklo's designs are fast reactors with capacities initially targeting 15 MWe, with future potential scalability, and are tailored for behind-the-meter applications at data centers.

Oklo has announced an ambitious 2027–2028 deployment goal, but this remains subject to significant execution risks, including relicensing after its original NRC COLA was rejected in 2022. The company has secured non-binding letters of intent totaling 2.1 GWe—including a 500 MWe deal with Equinix—and, on December 18, 2024, announced a non-binding Master Power Agreement with Switch for up to 12 GWe through 2044. These agreements underscore market interest but do not yet constitute binding sales contracts.

Oklo's reactors will require HALEU fuel, whose limited commercial availability poses an additional supply risk compared to LEU-fueled competitors. Sam Altman stepped down as Oklo's chairman in 2024 to enable potential collaboration between Oklo and OpenAI. While Oklo is well-capitalized post-SPAC, success depends on flawless execution across design, manufacturing, licensing, and fuel supply chain development.

NuScale (SMR)
NuScale was the first publicly traded SMR company in May of 2022 under the symbol SMR. NuScale's small modular reactor (SMR) remains the only SMR technology with design approval from the NRC. The NuScale Power Module (NPM) is a 77 MWe light-water reactor and can be combined into larger VOYGR power plants of up to 924 MWe (12 modules). On May 29, 2025, NuScale Power) received Standard Design Approval (SDA) from the NRC for the 77 MWe NuScale Power Modules (NPM). The approval increased the power output per NPM from the 50 MWe design, previously approved by the NRC. SMR and its commercialization partner ENTRA1 can pursue a combined license (construction and operation) application (COLA). . Management has, however, outlined expectations for a firm customer order by the end of 2025 to maintain its deployment timeline of 2030. In NuScale's press release on the approval, the company reiterated that it remains on track for deployment in 2030.

Like GE Vernova (GVE), NuScale uses conventional LEU fuel, avoiding the HALEU supply chain uncertainty that affects other advanced reactor competitors. Despite this, SMR faces significant commercial headwinds following the November 2023 cancellation of its flagship Utah Associated Municipal Power Systems (UAMPS) project due to cost escalations and insufficient customer subscriptions. SMR was partnering with Utah utilities to demonstrate a six-reactor plant at the Idaho National Laboratory. The project was scheduled to come online in 2029. Cost estimates had increased on the back of higher interest rates and inflation. While a setback, NuScale stated the project helped advance the technology to the stage of commercial deployment. Because of the termination, NuScale reimbursed UAMPS for costs incurred and received work in process long lead items in exchange.

Following UAMPS, NuScale's other customer RoPower, a Romanian utility is working through a FEED study to deploy a 462MWe VOYGR plant. To support its commercial development, NuScale has an agreement with Entra1 to cultivate customers and develop projects, which led to a October 2023 announcement that the partnership will deploy two 924MWe plants in OH and PA to supply Standard Power, a data center host. With 12 modules currently in production at Doosan's Korean facilities, NuScale has manufacturing capabilities, but commercialization prospects are still uncertainNuScale's confidence in a near-term firm customer order led it to invest in long-lead materials to manufacture 12 modules, with six planned for its Romania project.

Westinghouse
In November 2023, Westinghouse was acquired by a consortium of Brookfield (51%) and Cameco (49%). Westinghouse continues to develop its nuclear portfolio, including the Generation III+ AP1000 reactor (1.1 GWe), which is now operating at the Vogtle site in Georgia, and the smaller AP300 SMR, a 300 MWe design derived from the AP1000. Additionally, Westinghouse is developing the eVinci microreactor, a Generation IV solid-state reactor in the 1–5 MWe range.

We expect Westinghouse to be a leading player to help mee the Trump Executive Orders to begin construction of 10 large nuclear reactors under construction by 2030. Westinghouse has proved and proven reactor design, a viable supply chain and recent experience of building two of its AP1000 reactors in Georgia in China . On August 29, 2024, China's State Power Investment Corporation (SPIC) and China General Nuclear Power Corporation (CGN) were approved by China's State Council to add four AP1000® technology-based plants, which brings the total number of operational and approved AP 1000 reactors in China to 16. The AP1000 technology has been selected for the nuclear energy programs in Poland, Ukraine and Bulgaria, and is also under consideration at multiple other sites in Central and Eastern Europe, the United Kingdom, India, and North America.nd China.

Rolls-Royce SMR named as UK's selected technology
The Rolls-Royce SMR is a 470 MWe design based on a small pressurized water reactor and is progressing through the final stage of the assessment by the UK nuclear regulators, the only SMR design to have so far reached that stage. On June 10, 2025, Great British Energy announced that Rolls-Royce SMR has been selected as its preferred partner to develop SMRs, subject to final government approvals and contract signature. The UK aims to grow nuclear energy capacity to 24 GW by 2050, with a mix of traditional large-scale power plants and small modular reactors (SMRs). Four shortlisted companies - GE Hitachi, Holtec, Rolls-Royce SMR and Westinghouse (withdrew). It will also aim to allocate a site later this year and connect projects to the grid in the mid-2030s. A final investment decision is expected to be taken in 2029. Rolls Royce has also been selected by Czech utility ČEZ to deliver up to 3 GW of electricity in the Czech Republic and that in Sweden Rolls-Royce SMR is in the final two SMRs in their technology selection process. It said it is aiming to sign contracts with Rolls-Royce SMR later this year and will form a development company.

Kairos Power
Kairos Power is developing the Hermes demonstration reactor at the East Tennessee Technology Park (ETTP) in Oak Ridge, Tennessee. Hermes is a 35 MW thermal, fluoride salt-cooled high-temperature reactor (KP-FHR). Construction began in July 2024 after receiving an NRC construction permit, with operation expected in 2027. Kairos received $303 million from the DOE's Advanced Reactor Demonstration Program (ARDP) as part of a cost-share grant. The company also has a broader agreement with the Tennessee Valley Authority (TVA) to deploy additional reactors. On October 14, 2024, Alphabet (Google's parent company) signed an agreement with Kairos to build a 500 MW fleet of advanced nuclear reactors by 2035, with the first unit planned to come online in 2030, located near Alphabet data centers.

X-energy
X-energy is developing the Xe-100 reactor, a Generation IV high-temperature gas-cooled reactor with an 80 MWe electrical capacity. X-energy has its own HALEU TRISO fuel manufacturing unit, TRISO-X, to ensure domestic fuel supply. The company received up to $1.2 billion from the DOE ARDP under a 50% cost-share to develop and deploy its Xe-100 reactor. Originally intended for deployment with Energy Northwest, the project was transferred to Dow's Seadrift chemical manufacturing site in Texas, where four Xe-100 reactors are planned to provide 320 MWe (800 MW thermal). Dow applied for an NRC construction permit in 2024, with construction potentially beginning late this decade and operations in the early 2030s. In addition, Amazon invested $500 million into X-energy with plans to develop up to 5 GW of nuclear capacity by 2039, including deployments in Washington (in partnership with Energy Northwest) and potentially in Virginia near Dominion's North Anna plant.

Holtec
Holtec is developing the SMR-300, a 300 MWe light-water small modular reactor. The company secured a $1.5 billion DOE loan to restart the Palisades nuclear plant (800 MWe) in Michigan, which is set to become the first U.S. nuclear plant restarted after shutdown. Holtec plans to deploy two SMR-300 units at the Palisades site by the mid-2030s, with a construction permit application targeted for 2026. The company also holds MOUs, including one with Entergy, to deploy the SMR-300 at additional locations.

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