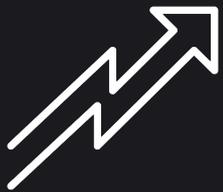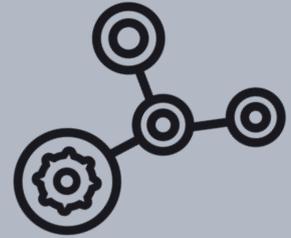# 2026: Europe's power sector's trillion-euro challenge

OCTAVE

Aging infrastructure

40% of Europe's distribution grids are over 40 years old

40 years old

1.5-2% Growth

Growth

Electricity demand expected to rise 1.5–2% annually from 2026 onward

Investment outlook

Grid investment needs could reach €584 bn this decade, with total needs reaching 3.5 trillion. This comes at a time when public finances are strained across Europe.
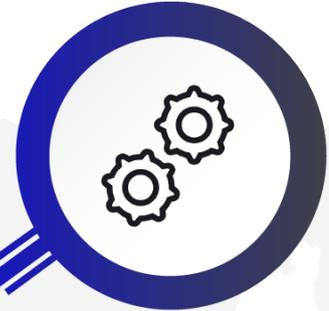
3.5 Trillion

Electrification + Decarbonization = Greater Complexity & Opportunity

# Europe's power sector in 2026: 4 trends to watch

1. CapEx pressures vs. high debt

- Large-scale grid upgrades projected at hundreds of billions
- Sector debt already at €890B (+70% since 2020)
- Growing need for portfolio-level visibility and AI-driven project controls

2. Digitalization of DSOs

- 67% of utilities still rely on paper-based processes
- Digital twins emerging as a key tool for real-time grid modeling and outage prediction
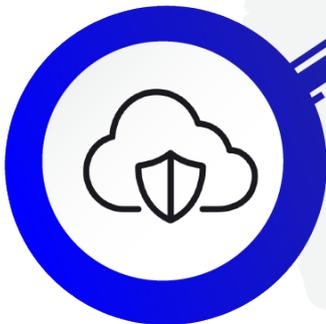
4. Software & risk-based resilience

- Cyber threats targeting operational technologies are on the rise
- Utilities shifting toward automated restoration tools (FLISR) and ICS recovery platforms to speed recovery and reduce risk

3. Stabilizers: cross-border trade & nuclear

- EU pushing for 70% transmission capacity for cross-zonal trade
- Nuclear regains momentum with 14 reactors planned and 3 under construction