

ENERGY DIVISION · STATEMENT

Initial Statement

Capital allocation, energy security and the economics of the energy transition.

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ABSTRACT

The energy system has to remain reliable and affordable while its composition changes, and the capital that will change it has to be committed before the outcome is known. This statement sets out how the Energy Division will study that problem: its analytical approach, the five areas it will research, its work with the other BSEIF divisions and with the Bocconi community, and the standards it commits to. Figures are as of 12 October 2026.

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01 Context

An energy investment can be justified for a country and still fail its investor. The reverse is equally possible, since a project may earn attractive private returns while contributing little to the system around it. The distance between those two outcomes is where the study of the sector begins.

The sums involved make that distance material. The International Energy Agency expects global energy investment to reach USD 3.4 trillion in 2026, about 5% above 2025, with electricity-related spending, end-use electrification included, close to 60% of the total (International Energy Agency [IEA], 2026). These are estimates of capital expenditure, however, and say nothing about the returns that capital will earn (Exhibit 1). A growing market is therefore not necessarily an attractive one in which to invest. Additional capacity can intensify competition, a strategically important project can lack a dependable revenue model, and a technology that works can still cost more than its intended customer will pay. Conversely, an established asset may remain commercially valuable while the system around it changes.

EXHIBIT 1

Electricity absorbs close to 60% of the USD 3.4 trillion expected to be invested in energy in 2026

CATEGORY	2026, USD BN
Total energy investment	c. 3,400
Grids, storage, low-emissions fuels, nuclear, renewables, efficiency and electrification	c. 2,200
Oil, natural gas and coal	c. 1,200
Electricity supply and infrastructure, with end-use electrification	c. 2,000
of which renewable power	c. 665
of which electricity grids	c. 550
of which nuclear	over 80

Note: Projections. Categories overlap and are not additive beyond the first three rows. Electricity-related spending of about USD 2.0 trillion is 59% of the total.

Source: IEA (2026).

The relevant question is consequently narrower than whether the sector will attract capital. It is which assets attract it, on what terms, and which risks remain with the investor once the contracts are signed. Answering it requires enough engineering to explain how an asset operates, enough market knowledge to explain how it earns its revenue, and enough financial discipline to test whether the investment case holds.

While technology, policy and capital are usually analysed in separate places, ultimately the future of the energy system will be set by their interaction, and none of the three can be studied convincingly in isolation. It is on this premise that the division's activity rests.

02 Understanding the system before valuing the asset

The World Energy Council's Energy Trilemma measures national energy systems against three objectives: security, equity in the sense of access and affordability, and environmental sustainability (World Energy Council, 2024). The objectives are related, and progress on one does not guarantee progress on the others. Nor are they necessarily in conflict. The useful exercise is to establish how a particular investment moves all three at once, and the division will use the framework in that way, without converting it into a fixed ranking of technologies. The questions are what an asset contributes, under which conditions, and at what cost.

Electricity shows why this system view matters. Solar and wind add weather-dependent supply, and integrating it requires networks, flexible generation, storage and demand response in some combination. The IEA's review of renewable integration finds that the challenge changes as their share rises, so that measures adequate at an early stage may prove insufficient later (IEA, 2024). It follows that a comparison of generating technologies cannot by itself settle the economics of an electricity system. The analysis must also establish when energy is available, where it is needed, and what infrastructure connects the two.

For the division's research this means refusing to let a single metric open and close an argument. Installed capacity is distinct from electricity delivered, a production cost from a selling price, and revenue from the cash that reaches investors. Each paper will keep these quantities apart, so that a reader can follow the reasoning from the physical characteristics of an asset to its commercial position, and from there to its financial performance. Technical detail will appear wherever it changes the investment question, and only there.

03 Security, geography and the limits of a single transition narrative

Energy security easily becomes a label attached to whichever investment its proponent already favours. To be analytically useful it needs three specifications: the disruption it protects against, the period over which protection is required, and who bears the cost of providing it.

The IEA's 2026 investment assessment shows how far these considerations have risen. Written while the effective closure of the Strait of Hormuz was disrupting supply, it reports that governments and companies are diversifying trade routes and turning to domestically available resources, and that security concerns are reshaping investment priorities (IEA, 2026). Reducing one dependency can, however, create another. The IEA's critical minerals outlook documents refining and processing chains that remain highly concentrated (IEA, 2025b), which implies that a shift from imported fuels towards domestically generated electricity may exchange a fuel dependency for one in equipment and materials.

The division will examine such exposures at the level at which they change decisions. For a developer, security may mean equipment availability and construction schedules. For an industrial consumer it means continuity of supply, and for a lender the enforceability of contracts and the resilience of project cash flows under disruption.

Geography deserves the same care. Conclusions drawn from a European power project do not transfer to another market merely because the technology is the same, since local demand,

infrastructure, institutions and financing conditions all enter the result. Italy and Europe will provide the natural starting point for much of the division's work, although its perspective will remain international. Conventional energy will be studied alongside transition technologies, and the case for keeping an existing asset will be assessed as carefully as the case for building a new one.

04 Capital, cash flows and investment decisions

The financial analysis of an energy asset starts well before the valuation. It begins with the operating assumptions: what must be built, how long construction will take, what the asset can produce and what it costs to keep running. It then moves to the commercial arrangements, namely who buys the output, how the price is set and which obligations remain with the owner. Only once both are established can the financing structure be assessed properly.

The cost of capital weighs most heavily on assets with large upfront expenditure and low operating costs thereafter, a description that fits most renewable generation, networks and storage. The IEA shows that financing conditions affect both investment decisions and the cost of the energy eventually supplied, and it distinguishes the financing of predictable operating assets from that of emerging technologies carrying greater uncertainty (IEA, 2021).

Consider two otherwise comparable projects, one selling its output under a long-term agreement and the other exposed to market prices. The contracted project is not automatically the better investment. Its agreement exchanges potential upside for revenue visibility, and in doing so introduces exposure to the buyer's creditworthiness and to the specific terms of the contract. The meaningful comparison is therefore between the cash flows and risks that each owner retains, since the mere presence of a contract settles nothing.

The division will apply this reasoning to project finance, corporate financing and acquisitions, separating the return an asset generates from the return its equity investors receive, and the financing of new construction from the purchase of an existing business. Eni's sale of a 20% stake in Plenitude to Ares Alternative Credit funds illustrates the second distinction. Completed on 4 November 2025, the transaction valued Plenitude's equity at €10 billion and its enterprise value at over €12 billion, and generated €2 billion of proceeds for Eni (Eni, 2025). The gap of more than €2 billion between the two valuations corresponds to the net debt and other claims on the business, while the proceeds accrued to the selling shareholder. They cannot, consequently, be described as an equivalent injection into new generating capacity.

Eni presents the sale as part of a strategy of bringing partners and aligned capital into its energy-transition subsidiaries (Eni, 2025). A transaction of this kind raises the questions the division intends to pursue: how the valuation was reached, how ownership and control change, where the recycled capital goes, and why an external investor was admitted at this point. The headline consideration is where that analysis starts.

05 Regulation as part of the investment case

Regulation will be analysed as part of an asset's economics, alongside its costs and revenues. The European electricity market framework makes the connection explicit. Its reform promotes longer-term arrangements, including power purchase agreements and two-way contracts for difference, to support investment and to shield consumers from short-term price volatility (European Commission, n.d.). The design of these instruments determines how risks and benefits are divided between producers, consumers and the state.

Italy's storage market offers a concrete case. On 30 September 2025 Terna held the first auction under MACSE, its mechanism for procuring electricity storage capacity, and awarded the full 10 GWh sought across four zones of southern Italy and the islands, with the lithium-ion facilities scheduled to enter operation in 2028 (Terna, 2025). Bids exceeded demand more than fourfold, and the weighted average premium cleared at €12,959/MWh-year, about 65% below the reserve premium of €37,000/MWh-year (Exhibit 2). These figures describe a procurement outcome for future capacity. None of the batteries is yet operating.

EXHIBIT 2

Italy's first MACSE auction cleared 57–67% below the reserve premium in each of its four zones

ZONE	CLEARING PREMIUM, €/MWH-YEAR
Central-South	14,566
South and Calabria	12,146
Sicily	15,846
Sardinia	15,029
Weighted average	12,959
Reserve premium	37,000

Note: Auction held on 30 September 2025 for 10 GWh of capacity entering operation in 2028. Zonal premiums range from 57% to 67% below the reserve.

Source: Terna (2025).

The result can be read in two ways. On the one hand, it suggests that competition can bring the cost of system flexibility far below what the regulator was prepared to pay. On the other hand, the weighted premium applied to 10,000 MWh of capacity amounts to about €130 million a year, set against an investment volume that Terna's chief executive estimated at around €1 billion (Terna, 2025). Whether that relationship leaves enough room for construction risk, battery degradation and the obligations attached to the contract is the question the division would examine before reaching any verdict on the mechanism.

The same discipline will apply to permitting, network remuneration, emissions policy and public support. Where a project depends on a policy assumption, the dependence will be stated. Where public intervention improves bankability, the analysis will also ask who bears the corresponding cost or risk.

06 Areas of focus

BSEIF assigns the Energy Division research on generation, fuels and the markets that price them, organised under oil and gas, power and renewables, and grids and storage (Bocconi Students Energy & Infrastructure Finance [BSEIF], n.d.). The five areas below translate that remit into a research programme. Financing, regulation and geopolitical exposure are not areas of their own: they run across all five and will be addressed wherever they bear on the analysis.

6.1 OIL, GAS AND GLOBAL FUEL MARKETS

The economics of production, supply, trading and consumption, including liquefied natural gas and the strategies of integrated energy companies. Research will examine investment discipline, supply commitments, demand assumptions and the treatment of long-lived assets under different transition scenarios. The aim is to understand the commercial and strategic role of these businesses without presuming either their permanence or their imminent replacement.

6.2 POWER GENERATION AND RENEWABLE ENERGY

The development, ownership and operation of generating assets, renewable and conventional, including existing and new nuclear plants. Work will focus on project economics, exposure to electricity markets, offtake arrangements and the strategies of utilities and independent power producers. Every technology comparison will state the market, operating assumptions and system requirements on which its conclusion depends.

6.3 GRIDS, STORAGE AND FLEXIBILITY

Electricity networks, battery and other storage, and demand-side flexibility. Research will examine the link between system needs and investable revenue models: the service an asset provides, how that service is paid for, and whether the resulting cash flows support the capital committed. The distance between an asset's value to the system and its owner's ability to capture that value will be central.

6.4 ELECTRIFICATION AND INDUSTRIAL DECARBONISATION

Changes in energy use across industry, buildings and transport, together with hydrogen, low-carbon fuels and carbon capture. The starting point will be the customer and the use case: the problem being solved, the alternative being displaced and the conditions adoption requires. Commercial maturity and dependence on policy support will be stated explicitly.

6.5 CORPORATE STRATEGY, TRANSACTIONS AND FINANCING

Acquisitions, disposals, joint ventures, capital raising and the investment strategies of utilities, developers and financial sponsors. This area also supplies a method for the other four. A sector paper should set out its implications for investment, and a transaction paper should explain the operating business behind the deal. Where information is insufficient to support a valuation or a return estimate, the paper will name the missing inputs and stop short of a number.

07 Working across BSEIF

BSEIF separates scope divisions, which study a sector, from project divisions, which put analysis to work. Markets runs a simulated portfolio, arguing each position before it is taken and reviewing it against the outcome, while Venture builds models and valuations for early-stage companies (BSEIF, n.d.). Because the economy these divisions study is already connected, they are most useful as different ways of examining the same assets. The Energy Division's contribution will be sector assumptions that the others can use, test and challenge.

7.1 INFRASTRUCTURE

Joint work with Infrastructure should connect energy requirements to the economics of the networks and facilities that serve them. A study of an electricity interconnector, for example, could set the power-system rationale alongside development risk, regulation and financing. A study of transport electrification could link electricity demand to charging utilisation and to the commercial model of the supporting infrastructure. The division of labour should follow the analytical question, with Energy providing the supply, demand and operating assumptions and Infrastructure the analysis of delivery, ownership and long-term financing. Neither contribution would be complete without the other. Transport and logistics also bring fuels, terminals and changing patterns of consumption into scope, so collaboration should extend beyond assets that already carry an energy-infrastructure label.

7.2 DIGITAL INFRASTRUCTURE

The link with Digital Infrastructure is the most direct. The IEA identifies reliable electricity supply, available generation and grid connections as conditions for data-centre development, and expects data-centre electricity use to more than double to about 945 TWh by 2030 (IEA, 2025a). The Digital Infrastructure Division's own initial statement accordingly names energy as the second of three bottlenecks on the adoption of AI (Barbagelata, 2026). Joint work would approach the relationship from both sides, with Digital Infrastructure assessing the facility, its computing demand and its commercial requirements, and Energy assessing the supply arrangements, generation mix, flexibility needs and exposure to electricity prices. A first study might ask whether a proposed data-centre expansion can secure power on the required timetable, and what the chosen procurement structure means for both the operator and its supplier. Assumptions must cross in both directions: a demand forecast used in an energy valuation has to withstand scrutiny from the division that studies the customer.

7.3 MARKETS

Markets is where sector analysis becomes an explicit investment thesis that is later reviewed. Energy's contribution would be to explain the operating exposures behind a company or security: which prices matter, which costs can move, how contracts shape earnings, and which developments would invalidate the thesis. Markets brings the complementary question of what the price already reflects, because a sound view of an industry does not by itself establish an attractive investment. Joint work should therefore run from sector research to valuation and scenarios, and

back to the original assumptions whenever outcomes diverge from expectations. An account of why a thesis failed is often more instructive than the presentation of one that happened to succeed.

7.4 VENTURE

Venture's models and valuations of early-stage companies create a different point of contact. A joint project could examine an energy-management software company, a battery-technology developer or a supplier of equipment for industrial electrification, with Energy assessing the application, the customer's economics and the practical conditions for deployment, and Venture translating those assumptions into a business model, a funding requirement and a valuation. The analysis must keep the economics of the company separate from those of the assets that use its technology. A developer of storage software is valued on different grounds from an operating battery project, even when both serve the same market. The aim is to trace the route from a technical proposition to a business that customers will pay for, and from that business to an investment case that can be defended.

08 The division's contribution to the Bocconi community

The BSEIF manifesto sets out to connect academic knowledge with the decisions that shape real assets and the allocation of capital (BSEIF, 2026). The Energy Division gives that ambition a specific application. For a Bocconi student the value of studying energy extends beyond preparation for a career in the sector, because energy is a setting in which finance, economics, management and public policy have to be used together.

The division's task is to make those connections practical. A student working on a project should be able to explain the cash flows being discounted as well as select the discount rate. Someone discussing an acquisition should be able to identify the operating assumptions behind the valuation, and someone evaluating public support should ask both whether it improves investment incentives and how its costs are distributed. The capability at stake is the move from a financial technique to a defensible judgement about a real investment.

Research, modelling and prepared discussion with practitioners will support that development. Each workshop will give participants a decision to work through. Before a transaction discussion, students will have the opportunity to study the business, the parties and the available information, and during the session they will be encouraged to question the assumptions as well as record the outcome. Engagement with professionals and alumni will serve the same purpose. Access is valuable, but preparation determines what students retain, and a well-prepared discussion of one investment decision teaches more than a broad presentation remembered mainly for the names involved.

The division will also offer an entry point to students who have not studied energy before. Prior familiarity with the sector is a different thing from the ability to learn it, and introductory material, peer review and progressively more demanding assignments allow members with different starting points to contribute. Publications and accessible events will carry the work beyond the research

team, while collaboration with other student associations, where interests overlap, should add depth without duplicating their activity.

Finally, the knowledge the division produces should outlast the students who first assemble it. Documented models, source files and clear handovers allow later members to improve existing work, so that each cohort builds on the last. This is how a student initiative gains continuity while remaining open to new ideas.

09 This division's commitment

BSEIF's manifesto states that the association's credibility will depend on the work it produces (BSEIF, 2026). The Energy Division should accordingly be judged by the quality of its research and the learning it makes possible, and it commits to the following:

- **Research.** Publications will be built around identifiable questions. Each paper will explain why the issue matters, present the evidence needed to assess it and reach a conclusion proportionate to that evidence. Publication schedules will be agreed against the capacity available, and output will never be increased at the expense of review.
- **Method.** Work is discussed and challenged before publication. Authors remain responsible for their claims, while reviewers examine the link between sources, assumptions and conclusions. Technical uncertainty and missing information are raised early, before confident language can conceal them.
- **Standards.** The division adopts the standards set out in the Digital Infrastructure Division's statement (Barbagelata, 2026). Every figure carries its source and the date of that source, estimates and forecasts are labelled as such, assumptions are disclosed, and citations follow APA. Each paper states its data cut-off, and material errors found after publication are corrected in a new, dated version.
- **Independence.** Papers present the analysis of their authors and of the division, and represent neither Bocconi University nor any company, speaker or partner. Relevant conflicts of interest are disclosed. Publications and simulated investment exercises do not constitute investment advice.
- **Skills and participation.** Members develop the technical and financial understanding their assignments require and learn to explain their work to others. The division seeks collaboration across BSEIF and informed discussion with practitioners, while keeping the educational purpose of both clear.

A student division will not resolve the energy transition, forecast every market movement or identify the right technology for every country, and it does not claim to. It can ask better questions than a headline allows and make its reasoning available for scrutiny. Its purpose is to establish what an energy investment makes possible, what it requires, and whether the case for committing capital survives careful examination.

All papers and events will be published or announced on the association's official website, bseif.org, where division research appears under Insights.

10 References

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