

# **New Energy Trends in the United States and Canada**

**As of July 2026**

## **Summary**

As of July 2026, the North American energy sector is experiencing significant transformation driven by increasing electricity demand, artificial intelligence (AI), renewable energy expansion, grid modernization, and continued reliance on natural gas. Both the United States and Canada are balancing economic growth, energy security, and decarbonization while investing in new technologies and infrastructure.

### **1. Rising Electricity Demand**

One of the most significant developments in 2026 is the rapid increase in electricity demand. Primary drivers include:

- Artificial Intelligence (AI) data centers
- Cloud computing
- Electric vehicles
- Manufacturing reshoring
- Building electrification

The U.S. Energy Information Administration (EIA) projects record electricity consumption during both 2026 and 2027. Commercial electricity demand is expected to exceed residential demand for the first time due primarily to the rapid expansion of AI data centers.

### **2. Natural Gas Remains Critical**

Despite strong renewable growth, natural gas continues to provide reliable baseload and backup generation.

#### **United States**

- Approximately 40% of electricity generation comes from natural gas.
- Coal-fired generation continues to decline.
- Gas-fired plants increasingly balance intermittent renewable energy sources.

#### **Canada**

Canada's clean electricity strategy continues to include natural gas as an important reliability resource while expanding renewable and nuclear generation. Federal planning aims to nearly double electricity production by 2050.

### **3. Continued Growth of Renewable Energy**

Solar and wind generation continue to expand despite changes to federal incentives. Current trends include:

- Record utility-scale solar deployment
- Rapid battery storage growth
- Increased grid-scale energy storage
- Large backlog of renewable generation projects

Market economics increasingly support renewable investments even as government incentives evolve.

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### **4. AI Is Driving Energy Infrastructure**

Artificial intelligence has become one of the largest sources of new electricity demand. Utilities are responding through:

- Construction of gigawatt-scale data centers
- Expansion of transmission infrastructure
- Development of dedicated power generation
- Greater investment in nuclear and natural gas generation

Meta recently announced plans to construct a C\$13 billion AI data center in Alberta, Canada, requiring approximately one gigawatt of electricity initially with future expansion to approximately 1.8 gigawatts.

### **5. Grid Modernization**

Modernizing electric transmission systems has become a priority across North America. Investments include:

- High-voltage transmission lines
- Battery energy storage
- Smart grid technologies
- Distribution system upgrades
- Accelerated permitting for new transmission infrastructure

Transmission capacity has become one of the largest constraints on additional renewable energy development.

### **Canada-Specific Energy Trends**

Canada continues pursuing a diversified energy strategy combining:

- Hydroelectric power
- Wind energy
- Solar energy
- Nuclear energy
- Small Modular Reactors (SMRs)
- Carbon Capture, Utilization and Storage (CCUS)
- Natural gas for grid reliability

The Canada Energy Regulator projects substantial electricity demand growth through 2050, driven by transportation electrification, industrial development, and AI data centers.

### **Oil and Natural Gas Outlook**

Although renewable energy continues expanding, oil and natural gas remain economically significant.

#### **United States**

- Shale oil production remains strong.
- Producers continue developing deeper reservoirs using improved drilling technology.

#### **Canada**

Canada continues evaluating pipeline expansion opportunities to diversify exports while balancing environmental and regulatory considerations.

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### Emerging Technologies

Significant investment continues in:

- Small Modular Reactors (SMRs)
- Long-duration battery storage
- Carbon Capture, Utilization and Storage (CCUS)
- Hydrogen production
- Enhanced geothermal systems
- Artificial Intelligence for grid optimization

These technologies are expected to complement renewable energy rather than replace existing generation resources.

### Conclusion

North America's energy transition during 2026 is characterized by balancing three primary objectives:

- Reliability
- Affordability
- Decarbonization

Rapid growth in electricity demand, particularly from AI data centers, is accelerating investment in transmission infrastructure, renewable generation, natural gas, nuclear energy, and emerging technologies. Both the United States and Canada are adopting diversified energy portfolios to meet future demand while pursuing long-term climate objectives.

### References

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