



The power and utilities supply chain mandate: Secure, modernize, and scale

Industry leaders are focused on modernizing supply chain capabilities to secure critical equipment, manage risk, and support a growing capital build-out.



An expanding capital agenda raises the stakes for power and utilities supply chains

Power and utilities leaders are facing a major shift in what their supply chains must deliver. The industry is managing large capital programs tied to generation, transmission, distribution, and grid reliability while preparing for new sources of load growth, including AI data centers and other major customers.

That growth is putting pressure on a supply chain model that has often been more reactive than predictive. Long-lead equipment, constrained manufacturing capacity, tariff uncertainty, and global competition for critical components are making it harder to keep projects on schedule. Sourcing transformers, cable, generation equipment, towers, and other essential materials remains critical, but power and utilities companies are increasingly competing to secure supplier capacity and commitments.

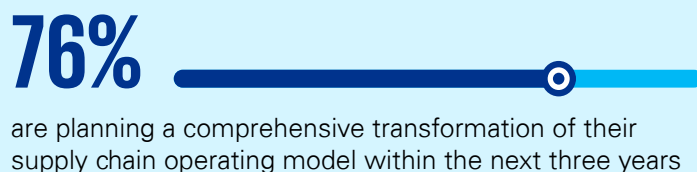
The urgency to modernize operations comes through in our KPMG 2026 US Supply Chain Survey, with three-quarters of power and utilities leaders planning a comprehensive transformation of their operating model within the next three years. As supply chains across industries face expanding pressure, the distinctive challenge for this sector is what transformation needs to accomplish. Leaders want earlier visibility into demand, stronger supplier and contracting capabilities, and better ways to connect capital plans, asset requirements, inventory, procurement, and risk decisions.

The sector also reports strong digital confidence, with most respondents describing their supply chain operations as fully digitalized. But broader gains in digital do not always mean supply chain teams have fully connected the data, workflows, and decision support needed to manage constrained supply and complex capital delivery. As the industry moves toward greater AI-enabled autonomy, modernization should help translate digital infrastructure into more predictive, coordinated, and resilient execution.

The findings point to five connected priorities for power and utilities leaders:

- Secure critical equipment, materials, and supplier capacity earlier in the capital planning cycle.
- Connect cyber security, regulatory, supplier, and operational risks to improved reliability and decision-making.
- Modernize operating models so planning, sourcing, contracting, inventory, and asset needs are better connected.
- Turn digital infrastructure, AI, and automation into more responsive supply chain execution.
- Make constrained teams—both employees and services contractors—more productive through automation, stronger capabilities, and better tools and ways of working.

Here's a closer look at the insights from our power and utilities supply chain survey, and what the findings suggest for the sector's next phase of transformation.



About the survey

KPMG LLP (KPMG) surveyed 462 US supply chain leaders at companies with \$1B or more in annual revenue as part of the 2026 US Supply Chain Survey. This power and utilities industry review includes data from 50 respondents across segments including: electric utilities, gas utilities, water and wastewater utilities, transmission and distribution, and related power and utility organizations.

Capital delivery and supply constraints

Scarcity rewrites the industry's supply playbook

Power and utilities companies are facing a more demanding supply challenge as capital programs expand. The Edison Electric Institute (EEI) projects that investor-owned electric companies will invest \$1.4 trillion through 2030—with capital expenditures projected to increase by 17 percent in 2026 to nearly \$240 billion—underscoring the scale of infrastructure investment now moving through the sector.¹

Critical equipment and materials are harder to secure, lead times are longer, and competition for supplier capacity is increasing across the sector. For supply chain teams, the priority is shifting from responding to requests after they arrive to anticipating more precisely what capital projects, asset work, and field operations will need earlier in the planning cycle.

That shift is especially important as companies compete for manufacturing capacity for transformers, cable, generation equipment, towers, and other essential materials. In parts of the market, demand for critical equipment is outpacing available manufacturing capacity,

making supplier commitments harder to secure. These constraints can affect project schedules, in-service dates, and the cost of delivery. Tariff uncertainty adds another layer of complexity, making it more important to evaluate sourcing options, contract terms, inventory decisions, automation opportunities, and other mitigation levers together.

The survey shows companies using a mix of commercial and operational responses to manage tariff-related costs and supply pressure. Together, these actions point to a supply chain that needs to be more proactive, commercially aware, and connected to capital planning.

The CSCO's takeaway: Manage supplier capacity, lead times, costs, and project schedules as one connected capital-delivery challenge for new demand (such as AI data centers), grid reliability and resilience.

75%

use surcharges or tariff recovery fees to pass tariff-driven costs to customers

▶ Near-term measures to mitigate tariff-related costs

Optimize cost structures through automation or process efficiencies **42%**

Renegotiate supplier contracts or terms **38%**

Explore financial hedging or tariff-mitigation strategies **38%**

Re-engineer products or materials **38%**



¹ Electric Perspectives, Andrew Soergel, "EEI Data: Electric Companies to Invest \$1.4T to Support Customers, Power Growth," May 27, 2026.

Risk and resilience

Reliability depends on a more risk-aware supply chain



Risk management is becoming more closely tied to system reliability, capital delivery, and critical infrastructure performance. Cybersecurity leads the survey risk profile, reflecting the operational requirements surrounding transmission, distribution, and other essential systems. But the risk agenda is broader than cyber alone. Power and utilities leaders also have to manage supplier, macroeconomic, safety, operational, project, and compliance risks as infrastructure investments increase.

That requires risk to be connected earlier to planning and procurement decisions. If supply chain teams see demand only after a requisition or approved capital authorization, they may have fewer options to manage exposure, secure capacity, or adapt sourcing and contracting strategies. Stronger risk management can help teams understand where vulnerabilities are building and act before they affect equipment access, project schedules, infrastructure reliability, or customer commitments.

The survey points to a sector making risk and resilience a priority. More than 9 in 10 respondents are currently innovating or planning innovation in their supply chain risk management and resilience functions, including supplier risk. The opportunity is to make those efforts more actionable by tightly linking risk signals to supplier performance, sourcing strategy, contract terms, inventory planning, and capital execution.

The CSCO's takeaway: Use supplier risk management and resilience investments to give teams earlier visibility, clearer response options, and stronger controls across the decisions that support reliability and capital delivery.

92%



are currently innovating or planning innovation in risk management and resilience within the next three years

Top perceived supply chain risks

40%



Cybersecurity threats

36%



Regulatory risks

34%



Multi-tier supplier risks

34%



Macroeconomic risks

Operating model

Transformation depends on better-connected ways of working

Seventy-six percent of respondents say they are planning a comprehensive transformation of their supply chain model within the next three years—citing improved risk and resilience as their top driver for change. The pressure behind that goal is clear: Capital programs are expanding, supply constraints are increasing, and leaders need more consistent ways to connect planning, sourcing, contracting, inventory, and asset needs to help the business move faster.

That kind of connection requires more than an enterprise resource planning (ERP) or enterprise asset management (EAM) upgrade. Technology can provide a stronger digital foundation, but operating model change also depends on clearer roles, stronger governance, more mature category management, better contract lifecycle management, and enhanced supplier relationships. For power and utilities companies, the goal is to help supply chain teams move from reactive support toward a more integrated role in capital delivery and operational execution.

The transformation agenda is also about how work gets done across functions. Respondents identify operational efficiency through technology implementation and adoption as their top transformation objective, followed by stronger cross-functional collaboration and better alignment of supply chain strategy with enterprise goals. Those priorities point to an operating model that gives supply chain teams clearer visibility into future demand and a stronger role in capital planning, asset management, supplier relationships, and execution.

The CSCO's takeaway: Use operating model transformation to connect planning, sourcing, contracting, inventory, asset needs, and supplier performance around more consistent execution.

58%

say driving operational efficiency through technology implementation and adoption is their top transformation objective

► Top drivers of supply chain transformation

1

Risk management and resilience building

2

Sustainability, compliance, and ESG risks

3

Operational efficiency and cost reduction

► Investment plans in near future

46%



Procurement and sourcing

42%



Risk management and resilience

40%



Order fulfillment and distribution

34%



Supplier relationship management tools

Digital, AI, and autonomy

Digital gains face the scale challenge

Industry respondents report strong digital maturity, with 86 percent describing their supply chain operations as fully digitalized. In practice, those digital foundations can take many forms, including enterprise platforms, asset management systems, electronic workflows, infrastructure data, remote monitoring, and other operational technologies.

The next challenge is turning those foundations into broader supply chain performance. For some organizations, digitalization may still be concentrated around transactional workflows such as purchase orders, approvals, work orders, and compliance processes. As capital programs grow, digital tools need to support more than isolated process efficiencies. They should help teams manage exceptions, evaluate constraints, improve supplier and contract visibility, and make better decisions across complex projects and operations.

AI adoption is still being shaped around practical use cases. Companies are developing AI strategies, partnering with technology providers, and investing in training as they work through data, integration, governance, and adoption challenges. Early opportunities include contract analysis, internal reviews, process support, and targeted agents that can help teams manage complexity while maintaining needed oversight.

The CSCO's takeaway: Scale digital, AI, and automation around practical use cases that improve supply chain decisions, strengthen oversight, and help teams manage capital delivery with greater speed and consistency.

80%



expect their operations to be at least moderately autonomous by 2027



► How companies plan to overcome AI/GenAI deployment challenges

36%

Develop a comprehensive AI/GenAI strategy

30%

Partner with AI technology providers

28%

Invest in employee training and development

► Digital assessment

86%



Fully digitalized

12%



Partially digitalized

2%



Not digitalized

Talent and capabilities

The workforce gap raises the productivity mandate

Talent is one of the strongest pressure points in the power and utilities survey. More than 8 in 10 respondents report a talent gap within their procurement and supply chain function, with the effects most in supply strategies and planning, inventory management, logistics and transportation, and risk management and resilience.

That gap matters because supply chain work is becoming more demanding as capital programs expand. The sector still needs people with practical expertise in planning, procurement, contracting, supplier management, field support, and project execution. The issue also extends beyond internal teams to the services contractors and specialized suppliers that power and utilities companies rely on for field work, maintenance, and project delivery. Operators need teams—both internal and external—that can use data, automation, and AI-enabled tools to manage more complexity with fewer manual processes.

Most respondents expect AI/GenAI to significantly transform the workforce and replace some human work. That shift could affect internal supply chain teams as well as the way companies use services contractors and specialized suppliers over time. AI may help constrained teams absorb administrative tasks, improve analysis, and support contract management—but there's still a need for supply chain and field experience. The workforce strategy may benefit from combining automation with capability building, knowledge transfer, and new ways of working that help smaller or stretched teams support a larger capital agenda.

The CSCO's takeaway: Use AI and automation to improve workforce productivity while strengthening the planning, procurement, risk, field, and services-supplier capabilities that technology alone may struggle to replace.

84%

believe there is a talent gap within their organization's procurement and supply chain function

Where the talent gap is showing up

41% Logistics and transportation



41% Inventory management



36% Procurement and sourcing



36% Risk management and resilience



► AI/GenAI workforce impact



Will transform the workforce and replace humans significantly



Will improve efficiency with human in the loop and replace part of the workforce



Will not replace the workforce at all

From reactive support to resilient capital delivery

Power and utilities supply chains are being asked to support a larger, more complex capital agenda. Critical equipment is harder to secure, supplier capacity is constrained by extended lead times, and infrastructure investments are increasing the need for stronger planning, contracting, inventory, risk, and execution capabilities.

The survey points to a clear direction: Supply chain transformation in this sector needs to move beyond digital foundations and reactive support. Leaders are working to build capabilities that can anticipate demand earlier, manage supplier and project risk more effectively, and help teams make better decisions as conditions change.

For CSCOs and their teams, the opportunity is to turn modernization into stronger capital delivery. Companies that connect operating model change, risk management, digital tools, AI, and workforce strategy can create supply chains that are more resilient, more productive, and better prepared to support the industry's expanding infrastructure needs.

The CSCO's takeaway: Power and utilities leaders should focus transformation efforts on securing critical supply, improving planning and risk visibility, and building the digital and workforce capabilities needed to support capital delivery at scale.



How KPMG helps power and utilities leaders modernize supply chain execution

Power and utilities supply chains are being asked to support larger capital programs, tighter equipment markets, and more complex operating demands. KPMG LLP (KPMG) works with leaders to modernize the supply chain capabilities behind that mandate—connecting strategy, planning, supplier management, risk, digital tools, AI, and workforce execution around the decisions that affect capital delivery and reliability. That work can include helping organizations to:



Diagnose where constraints affect capital delivery

Identify the suppliers, materials, equipment categories, inventory policies, contract structures, workflows, and exception patterns where the current model may be creating schedule risk, premium cost, supplier exposure, field delays, or execution bottlenecks.



Redesign the operating model around decisions

Define the decision rights, escalation paths, roles, workflows, and shared success measures required to connect capital planning, asset management, procurement, sourcing, contracting, inventory, finance, operations, and field execution.



Strengthen supplier, category, and contract management

Improve category strategies, supplier relationship management, supplier performance visibility, contract lifecycle management, services supplier oversight, and commercial controls to manage constrained supply markets and reduce value leakage.



Scale digital and AI capabilities responsibly

Prioritize use cases with the clearest operational value, define the data and governance conditions required to scale them, and connect digital or AI outputs to the workflows, controls, and people responsible for action.



Build resilience into capital and supply decisions

Evaluate supplier risk, sourcing options, lead times, critical equipment availability, inventory positioning, regulatory requirements, services capacity, and project commitments as interconnected supply chain decisions.



Sustain performance after transformation

Establish the operating rhythms and KPIs needed to monitor supplier performance, capital delivery, inventory effectiveness, exception management, adoption, cost, risk, and decision effectiveness—and use those results to adjust models, workflows, and decision rules over time.





For power and utilities leaders, supply chain modernization is becoming central to capital delivery, reliability, and operational performance. KPMG can work with your organization to connect strategy, technology, risk, suppliers, talent, and execution so transformation efforts deliver practical value.

[Explore KPMG Supply Chain services](#) 

Start a conversation



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