

ENERGY

Constellation to Buy Calpine in \$16.4 Billion Deal in the Clean-Energy Sector



The shuttered Three Mile Island nuclear power plant owned by Constellation Energy near Middletown, Penn., on Oct. 10, 2024. Chip Somodevilla/Getty Images



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Business Column: Analysis

M&A activity shifted into a higher gear this week. After the surprise announcement of a merger between JCPenney and Sparc Group on Jan. 8,

Constellation and Calpine decided it was time to tie the knot on Friday morning.

If it goes through, the [merger](#) between the two companies will create America's leading clean-energy producer to meet the growing energy demand of the nation.

"This acquisition will help us better serve our customers across America, from families to businesses and utilities," Joe Dominguez, president and CEO of Constellation, said in a statement explaining the rationale behind the merger.

"By combining Constellation's unmatched expertise in zero-emission nuclear energy with Calpine's industry-leading, best-in-class, low-carbon natural gas and geothermal generation fleets, we can offer the broadest array of energy products and services available in the industry."

Dominguez emphasized the two companies' leadership in producing and distributing cleaner, more reliable, and secure energy to meet rising demand.

"What makes this combination even more special is it brings together two world-class teams, with the most talented women and men in the industry, who share a noble passion for safety, sustainability, operational excellence, and helping America's families, businesses, and communities thrive and grow," he said. "We look forward to welcoming the Calpine team upon closing this transaction."

But what makes this merger an appealing proposition for Constellation is its price, approximately \$16.4 billion, comprising 50 million shares of Constellation stock and \$4.5 billion in cash, plus the taking over of approximately \$12.7 billion of Calpine's net debt. After accounting for cash that is expected to be generated by Calpine between signing and the expected closing date, and the value of tax benefits, the net purchase price tag comes at \$26.6 billion.

That represents a valuation of 7.9 times Calpine's projected 2026 operating earnings before interest, taxes, depreciation, and amortization.

Wall Street finds this valuation appealing, as evidenced by a jump in Constellation's stock during a down day for U.S. equities.

Joseph Raetzer, a business lawyer and consultant, welcomes the deal's timing.

"Calpine's footprint is in geographic areas like Texas and California, where Constellation is currently lacking capacity," he told The Epoch Times via email. "Constellation needs to expand energy supplies following deals with the U.S. government and Microsoft."

Sidharth Ramsinghaney, director of strategy and operations with Twilio, provides further insight on the merger of the two companies, the synergies, and the integration challenges.

"This merger fundamentally reshapes the U.S. energy landscape by creating the first truly integrated clean-energy platform at scale," Ramsinghaney told The Epoch Times. "The combination of Constellation's nuclear expertise with Calpine's natural gas capabilities isn't just about size—it's about creating a new model for delivering reliable, clean energy in America."

This new model will allow Constellation to achieve synergies arising combination comes from the complementary nature of the assets.

"Nuclear provides the clean baseload while natural gas offers the flexibility needed for grid reliability," Ramsinghaney said. "This gives the combined company unique capabilities to optimize across markets and better serve customer needs."

Still, he sees integration challenges common to transformations of this scale, like maintaining operational excellence in trying to align two distinct corporate cultures and operating models.

Alex Lubyansky, a mergers and acquisitions attorney, praised the merger, looking closer into its benefits and challenges for Constellation.

"This merger is all about scale and efficiency," he told The Epoch Times via email.

“Combining Constellation’s zero-emission nuclear capabilities with Calpine’s low-carbon gas and geothermal assets creates a powerhouse with nearly 60 gigawatts of clean-energy capacity. That scale drives down costs and boosts operational efficiency.”

Meanwhile, he sees the synergies arising from a diversified portfolio spanning nuclear, gas, geothermal, and renewables. They would allow Constellation to meet market demands while offering tailored sustainability solutions to 2.5 million customers, setting a new standard in clean-energy innovation.

However, Lubyansky sees execution challenges in completing and integrating the two companies.

“Regulatory hurdles are significant, and integrating two massive organizations with distinct cultures is always challenging,” he said. “Managing \$12.7 billion in assumed debt and balancing that with reinvestment will be key.”

Meanwhile, Lubyansky believes the merger could be a game-changer for the industry.

“Constellation is now the nation’s largest clean-energy provider,” he said. “This move will force competitors to double down on sustainability and consumer-focused innovation. It’s a clear signal that the future of energy is clean, scalable, and customer-driven.”

Ramsinghaney agrees, seeing the energy sector at an inflection point.

“Companies that can successfully combine clean baseload generation with flexible capacity while maintaining financial discipline will be best positioned to lead the transition to a cleaner energy future,” he said. “This merger creates that blueprint.”

In addition, Ramsinghaney sees the energy market transforming with the emergence of a new type of energy company that can simultaneously deliver reliability, sustainability, and customer innovation.

“This combination sets a new benchmark for what’s possible in terms of scale and capabilities in clean energy delivery,” he said.

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